RICHMOND

LOCAL MUNICIPALITY

2013/14

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2014

RICHMOND LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

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RICHMOND LOCAL MUNICIPALITY
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GENERAL INFORMATION

MAYOR

Cllr. A. Ragavaloo

DEPUTY MAYOR

Cllr. P.C. Ngcobo

SPEAKER

Cllr. S.T. Shabalala

MEMBERS OF THE EXECUTIVE COMMITTEE

Mayor

Deputy Mayor

Councillor: T.D. Kunene

GRADING OF THE LOCAL AUTHORITY

Grade 4

AUDITORS

External: Auditor General

Internal: Umnotho Business Consultants

PRIMARY BANKER

First National Bank

REGISTERED OFFICE

Memorial Hall
57 Shepstone Street
RICHMOND
3780

Private Bag 1028
RICHMOND
3780

Telephone: (033) 212-2155

Facsimile: (033) 212-4183

E-Mail: sibusiso.sithole@richmond.gov.za

MUNICIPAL MANAGER

E.S. Sithole	(033) 212-2155	sibusiso.sithole@richmond.gov.za

CHIEF FINANCIAL OFFICER

M. Hloba	(033) 212-2155	mzingisi.hloba@ richmond.gov.za

RICHMOND LOCAL MUNICIPALITY
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for the year ended 30 June 2014

GENERAL INFORMATION (continued)

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 7 to 137, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

These Annual Financial Statements will be presented to the Council for information during September 2014.

E.S. SITHOLE
MUNICIPAL MANAGER
29 August 2014

M. HLOBA
CHIEF FINANCIAL OFFICER
29 August 2014

RICHMOND LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
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MEMBERS OF THE COUNCIL

WARD	COUNCILLORS		PROPORTIONAL COUNCILLORS	
1	Ragavaloo A	ANC	Moonsamay P	ANC
2	Shabalala ST	ANC	Ngcobo PC	ANC
3	Magubane KE	IND	Maphumulo M	ANC
4	Shange RB	ANC	Ngubo MDB	ANC
5	Ngcongo B	ANC	Mdlalose SA	ANC
6	Jili J	ANC	Madonda TC	DA
7	Kunene TD	ANC	Mngadi BM	UDM

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

_____

E.S. SITHOLE
MUNICIPAL MANAGER
29 August 2014

RICHMOND LOCAL MUNICIPALITY
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FOREWORD

During the 2013/14 financial year the municipality had to ensure that issues of compliance with various changes in legislation are addressed in order to meet the challenges set by a changing legislative environment.

The municipality, as part of improving service delivery to the community, implemented proper communication channels through the ward committee systems. Community Development Workers ensured that our people receive treatment that is in compliance with the Batho Pele principles. Service delivery and the payment for services still remain a serious concern to all in local government. All role-players must ensure that they work together to overcome the legacy of the past and ensure that we uplift the living conditions of those that were previously forgotten. Further to ensure that compliance with Batho Pele principles is adhered to at all times, we call upon our Councillors, Community Development Workers and Ward Committees to discharge their responsibilities in the spirit of co-operative governance.

Although capital infrastructure projects were limited to those financed from external grant funding, the municipality has successfully finalised some of the projects identified in the Integrated Development Plan. There has been significant under spending in this regard and the municipality has already submitted a request for roll-over of budget to both CoGTA and National Treasury.

The municipality will in the 2014/15 financial year again embark upon projects identified in the Integrated Development Plan and speed up completion of 2013/14 projects.

I hereby wish to thank the members of the Executive Committee and executive staff for their commitment during the 2013/14 year and hope that the 2014/15 targets set in the Integrated Development Plan will be met.

I thank you.

_____

CLR A. RAGAVALOO
MAYOR
29 August 2014

RICHMOND LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

AUDIT REPORT

The 2013/14 Audit Report was not available when the Annual Financial Statements were approved and will be attached hereto as Annexure “A” when received after the completion of the statutory audit.

RICHMOND LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2014

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Richmond Local Municipality at 30 June 2014.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2013/14 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2014 indicates an increase in Net Assets, an increase in Non-current Liabilities and a decrease in Current Liabilities.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of the surplus generated on the operating account. The increase in Non-current Liabilities is primarily as a result of the increases in Employee Benefit Liabilities and Non-current Provisions. The decrease in Current Liabilities is primarily as a result of the decrease in Unspent Conditional Grants which is more than the increase in Payables.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

INDICATOR	2014	2013
Surplus / (Deficit) before Appropriations	19 532 055	14 151 638
Surplus / (Deficit) at the end of the Year	137 315 616	117 783 561
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	39.59%	41.75%
Remuneration of Councillors	6.02%	6.09%
Collection Costs	0.03%	0.05%
Depreciation and Amortisation	10.21%	7.54%
Impairment Losses	2.03%	7.32%
Repairs and Maintenance	4.15%	3.10%
Interest Paid	0.98%	0.32%
Bulk Purchases	0.00%	0.00%
Contracted Services	9.50%	5.14%
Grants and Subsidies Paid	3.19%	9.09%
General Expenses	23.71%	19.33%
Current Ratio:		
Trade Creditors Days	30	45
Debtors from Exchange Transactions Days	43	51

2.2 Performance Indicators:

INDICATOR	2014	2013
Financial Position		
Debtors Management:		
Outstanding Debtors to Revenue	8.86%	7.70%
Outstanding Service Debtors to Revenue	30.56%	31.31%
Liquidity Management:		
Liquidity Ratio	1.74	1.52
Liability Management:		
Capital Cost as percentage of Own Revenue	3.89%	3.83%
Borrowed Funding as percentage of Own Capital Expenditure	0.00%	1.96%
Borrowing as percentage of Total Capital Assets	0.00%	0.02%
Safety of Capital:		
Gearing	0.00%	0.02%
Financial Viability:		
Debt Coverage	8.65	7.52
Cost Coverage	0.82	0.82
Financial Performance		
Expenditure Management:		
Creditors to Cash and Investments	12.95%	13.12%
Capital Expenditure on Infrastructure to Total Capital Expenditure	57.04%	73.77%

A detailed ratio analysis, together with explanantions, is included in Appendix "H".

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

The services offered by Mogalakwena Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2014 are as follows:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	117 547 062	103 405 405	13.68	-	100.00
Operating income for the year	81 829 747	71 231 014	14.88	91 750 692	(10.81)
Appropriations for the year	(10 828)	(9 981)	8.48	-	100.00
	199 365 982	174 626 438	14.17	91 750 692	117.29
Expenditure:					
Operating expenditure for the year	62 297 692	57 079 376	9.14	69 020 789	(9.74)
Sundry transfers	-	0	(100.00)	-	-
Closing surplus / (deficit)	137 068 290	117 547 062	16.61	22 729 903	503.03
	199 365 982	174 626 438	14.17	91 750 692	117.29

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	79 233 072	65 838 784	20.34	89 179 332	(11.15)
Expenditure	57 843 585	49 846 055	16.04	64 660 966	(10.54)
Surplus / (Deficit)	21 389 487	15 992 729	33.75	24 518 366	(12.76)
Surplus / (Deficit) as % of total income	27.00%	24.29%		27.49%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	1 360 540	5 019 212	(72.89)	1 360 540	-
Expenditure	1 360 540	5 019 212	(72.89)	1 360 540	(0.00)
Surplus / (Deficit)	0	-	100.00	-	100.00
Surplus / (Deficit) as % of total income	0.00%	100.00%		100.00%	

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	1 208 931	372 587	224.47	1 210 820	(0.16)
Expenditure	3 092 588	2 214 109	39.68	2 999 283	3.11
Surplus / (Deficit)	(1 883 656)	(1 841 522)	2.29	(1 788 463)	5.32
Surplus / (Deficit) as % of total income	(155.81)%	(494.25)%		(147.71)%	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R21 139 519 (2012/13: R21 207 384). Full details of Assets are disclosed in Notes 9, 10, 11, 12 and Appendices "B, C and E (4)" to the Annual Financial Statements.

The capital expenditure of R21 139 519 was financed as follows:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Grants and Subsidies	12 749 785	10 279 972	24.03	24 813 000	(48.62)
Public Contributions	27 522	-	100.00	28 000	(1.71)
Own Funds (Accumulated Surplus)	8 362 212	10 927 412	(23.47)	8 574 800	(2.48)
	21 139 519	21 207 384	(0.32)	33 415 800	(36.74)

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2014	2013
Grants and Subsidies	60.31%	48.47%
Public Contributions	0.13%	-
Own Funds (Accumulated Surplus)	39.56%	51.53%
	100.00%	100.00%

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2014	2013
Variance per Category:		
Budgeted surplus before appropriations	22 729 903	17 509 447
Revenue variances	(9 920 945)	4 282 144
Expenditure variances:		
Employee Related Costs	2 183 401	(3 854 049)
Remuneration of Councillors	192 913	(170 494)
Collection Costs	20 922	122 204
Depreciation and Amortisation	(730 038)	388 258
Impairment Losses	(716 130)	(4 178 010)
Repairs and Maintenance	555 018	1 089 383
Interest Paid	(421 162)	(184 456)
Contracted Services	1 559 488	(735 481)
Grants and Subsidies Paid	102 311	(4 203 130)
General Expenses	3 974 623	4 237 418
Loss on disposal of Property, Plant and Equipment	1 753	(151 596)
Actual surplus before appropriations	19 532 055	14 151 638

DETAILS	2014	2013
Variance per Service Segment:		
Budgeted surplus before appropriations	22 729 903	25 875 936
Executive and Council	753 208	475 420
Finance and Administration	2 248 381	(1 054 142)
Planning and Development	(7 089 396)	(10 020 149)
Community and Social Services	315 746	(1 530 065)
Public Safety	266 713	231 517
Sport and Recreation	429 060	(1 145 498)
Waste Management	(95 193)	151 509
Roads and Transport	(52 592)	1 166 678
Actual surplus before appropriations	19 505 831	14 151 207
	(26 225)	(431)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

5.2 Capital Budget:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Variance actual 2013/14 / 2012/13 R	Budgeted 2013/14 R	Variance actual/ budgeted R
Executive and Council	45 488	49 459	(3 970)	73 000	(27 512)
Budget and Treasury Office	138 363	20 356	118 007	20 000	118 363
Corporate Services	46 446	170 208	(123 762)	80 000	(33 554)
Planning and Development	1 341 845	117 680	1 224 165	73 000	1 268 845
Community and Social Services	7 514 685	265 096	7 249 589	395 000	7 119 685
Public Safety	-	858 375	(858 375)	9 496 000	(9 496 000)
Sport and Recreation	-	2 113 774	(2 113 774)	2 267 650	(2 267 650)
Waste Management	-	-	-	1 340 450	(1 340 450)
Roads and Transport	12 052 693	17 612 437	(5 559 744)	19 670 700	(7 618 007)
	21 139 519	21 207 384	(67 865)	33 415 800	(12 276 281)

Details of the results per segmental classification of capital expenditure are included in Appendix "C" and in Appendix "E (4)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2014 amounted to R137 315 616 (30 June 2013: R117 783 561) and is made up as follows:

Accumulated Surplus	137 068 290
	137 068 290

Refer to Note 23 and the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2014 was R0 (30 June 2013: R20 803).

Loans to the amount of R0 (2012/13: R214 297) was taken up during the financial year to enable the municipality to finance part of its capital requirements for the year.

Refer to Note 20 and Appendix "A" for more detail.

8. EMPLOYEE BENEFIT LIABILITIES

Emplyee Benefit Liabilities amounted R8 058 821 as at 30 June 2014 (30 June 2013: R7 884 689) and is made up as follows:

Post-retirement Health Care Benefits Liability	6 812 053
Long Service Awards Liability	1 246 768
	8 058 821

The Post-retirement Health Care Benefits Liability is in respect of continued Healh Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 21 for more detail.

9. NON-CURRENT PROVISIONS

Non-current Provisions amounted R2 510 362 as at 30 June 2014 (30 June 2013: R1 903 801) and is made up as follows:

Provision for Rehabilitation of Land-fill Sites	2 510 362
	2 510 362

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 22 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R26 209 887 as at 30 June 2014 (30 June 2013: R28 545 497) and is made up as follows:

Provisions	Note 15	207 681
Payables from Exchange Transactions	Note 16	5 913 355
Payables from Non-exchange Transactions	Note 17	2 407 665
Unspent Conditional Grants and Receipts	Note 18	17 364 240
Operating Lease Liabilities	Note 19	296 176
		26 209 887

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R117 444 268 as at 30 June 2014 (30 June 2013: R102 748 260).

Refer to Note 9 and Appendices "B, C and E (4)" for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R11 518 as at 30 June 2014 (30 June 2013: R14 323).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 10 and Appendix "B" for more detail.

13. INVESTMENT PROPERTY

The net value of Investment Properties were R4 114 852 as at 30 June 2014 (30 June 2013: R4 114 852).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 11 and Appendix "B" for more detail.

14. HERITAGE ASSETS

The net value of Heritage Assets were R128 080 as at 30 June 2014 (30 June 2013: R128 080).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 12 and Appendix "B" for more detail.

15. NON-CURRENT INVESTMENTS

The municipality held Investments to the value of R266 as at 30 June 2014 (30 June 2013: R266).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

Refer to Note 13 for more detail.

16. LONG-TERM RECEIVABLES

Long-term Receivables of R0 at 30 June 2014 (30 June 2013: R9 768) is made up as follows:

uMgungundlovu District Municipality	9 768
	9 768
Less: Short-term portion included in Current Assets	9 768
	0

The increase in the amount for Long-term Receivables is due to the increased amount of debt arrangements entered into with consumer debtors.

Refer to Note 14 for more detail.

17. CURRENT ASSETS

Current Assets amounted R52 395 702 as at 30 June 2014 (30 June 2013: R49 122 802) and is made up as follows:

Inventories	Note 2	166 619
Non-current Assets Held-for-Sale	Note 3	963 384
Receivables from Exchange Transactions	Note 4	1 171 771
Receivables from Non-exchange Transactions	Note 5	3 724 259
VAT Receivable	Note 6	685 773
Cash and Cash Equivalents	Note 7	45 674 128
Current Portion of Long-term Debtors	Note 14	9 768
		52 395 702

The increase in the amount for Current Assets is mainly due to the increased amount held in Bank and Cash Equivalents.

Refer to the indicated Notes for more detail.

18. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 18 and 28, and Appendix "F" for more detail.

19. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 60.

20. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

29 August 2014

RICHMOND LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Note	Actual 2014 R	2013 Restated R
ASSETS			
Current Assets		**52 395 702**	**49 122 802**
Inventories	**2**	166 619	26 299
Non-current Assets Held-for-Sale	**3**	963 384	1 545 536
Receivables from Exchange Transactions	**4**	1 171 771	1 224 213
Receivables from Non-exchange Transactions	**5**	3 724 259	2 143 959
VAT Receivable	**6**	685 773	745 287
Cash and Cash Equivalents	**7**	45 674 128	43 414 907
Current Portion of Long-term Receivables	**14**	9 768	22 600
Non-Current Assets		**121 698 985**	**107 015 550**
Property, Plant and Equipment	**9**	117 444 268	102 748 260
Intangible Assets	**10**	11 518	14 323
Investment Property	**11**	4 114 852	4 114 852
Heritage Assets	**13**	128 080	128 080
Non-current Investments	**13**	266	266
Long-term Receivables	**14**	0	9 768
Total Assets		**174 094 686**	**156 138 351**
LIABILITIES			
Current Liabilities		**26 209 887**	**28 545 497**
Provisions	**15**	207 681	226 546
Payables from Exchange Transactions	**16**	5 913 355	5 696 584
Payables from Non-exchange Transactions	**17**	2 407 665	2 030 144
Unspent Conditional Grants and Receipts	**18**	17 364 240	20 182 416
Operating Lease Liabilities	**19**	296 176	259 475
Current Portion of Long-term Liabilities	**20**	20 770	150 331
Non-Current Liabilities		**10 569 183**	**9 809 293**
Long-term Liabilities	**20**	0	20 803
Employee Benefit Liabilities	**21**	8 058 821	7 884 689
Non-current Provisions	**22**	2 510 362	1 903 801
Total Liabilities		**36 779 070**	**38 354 790**
Total Assets and Liabilities		**137 315 616**	**117 783 561**
NET ASSETS		**137 315 616**	**117 783 561**
Accumulated Surplus / (Deficit)	**23**	137 315 616	117 783 561
Total Net Assets		**137 315 616**	**117 783 561**

RICHMOND LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2014 R	2013 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	**24**	9 512 236	8 542 306
Property Rates - Penalties imposed and collection charges	**31**	824 167	806 897
Fines	**25**	138 000	379 121
Licences and Permits	**26**	377 056	401 224
Income from Agency Services	**27**	515 261	458 106
Government Grants and Subsidies Received	**28**	62 190 223	57 152 459
Revenue from Exchange Transactions			
Service Charges	**29**	405 186	299 603
Rental of Facilities and Equipment	**30**	5 176 990	1 033 491
Interest Earned - External Investments	**31**	2 120 545	1 518 174
Interest Earned - Outstanding Debtors	**31**	132 978	146 399
Other Revenue	**32**	437 105	493 234
Gains on Disposal of Property, Plant and Equipment	**43**	-	-
Total Revenue		**81 829 747**	**71 231 014**
EXPENDITURE			
Employee Related Costs	**33**	24 663 640	23 833 489
Remuneration of Councillors	**34**	3 750 576	3 477 164
Collection Costs	**35**	19 078	27 796
Depreciation and Amortisation	**36**	6 362 316	4 306 412
Impairment Losses	**37**	1 266 130	4 178 010
Repairs and Maintenance	**38**	2 583 435	1 768 100
Finance Costs	**39**	613 462	184 456
Contracted Services	**40**	5 916 939	2 933 271
Grants and Subsidies Paid	**41**	1 987 752	5 186 910
General Expenses	**42**	14 771 118	11 032 172
Loss on Disposal of Property, Plant and Equipment	**43**	363 247	151 596
Total Expenditure		**62 297 692**	**57 079 376**
SURPLUS / (DEFICIT) FOR THE YEAR		**19 532 055**	**14 151 638**

Refer to Budget Statement for explanation of budget variances

RICHMOND LOCAL MUNICIPALITY

EMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE

Description	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R
2013		
Balance at 30 June 2012	103 631 923	103 631 923
Change in Accounting Policy (Note 44)	-	-
Correction of Error (Note 45)	(0)	(0)
Restated Balance	**103 631 923**	**103 631 923**
Surplus / (Deficit) for the year	14 151 638	14 151 638
Interest allocated to Funds and Reserves	-	-
Balance at 30 June 2013	**117 783 561**	**117 783 561**
2014		
Change in Accounting Policy (Note 44)	-	-
Correction of Error (Note 45)	-	-
Restated Balance	**117 783 561**	**117 783 561**
Surplus / (Deficit) for the year	19 532 055	19 532 055
Interest allocated to Funds and Reserves	-	-
Balance at 30 June 2014	**137 315 616**	**137 315 616**
	-	-

Details on the movement of the Funds and Reserves are set out in Note 23.

RICHMOND LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2014 R	2013 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	**24**	7 785 836	8 642 252
Government Grant and Subsidies	**28**	59 372 047	55 524 671
Service Charges	**29**	394 977	37 149
Interest Received	**31**	2 120 545	1 518 174
Other Receipts	**32**	5 366 415	5 427 963
Payments			
Employee Related Costs	**33**	(24 508 373)	(21 791 966)
Remuneration of Councillors	**34**	(3 750 576)	(3 477 164)
Interest Paid	**39**	(613 462)	(184 456)
Suppliers Paid	**40**	(8 423 923)	(2 976 888)
Other Payments	**42**	(15 757 165)	(15 611 533)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**21 986 321**	**27 108 203**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**9**	(21 137 319)	(21 207 384)
Purchase of Intangible Assets	**10**	(2 200)	-
Proceeds on Disposal of Property, Plant and Equipment		(363 247)	(102 059)
Decrease / (Increase) in Long-term Receivables	**14**	1 926 031	25 125
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(19 576 735)**	**(21 284 318)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings	**20**	-	214 297
Repayment of Borrowings	**20**	(150 364)	(354 659)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(150 364)**	**(140 362)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**7**	**2 259 221**	**5 683 523**
Cash and Cash Equivalents at Beginning of Period		43 414 907	37 731 384
Cash and Cash Equivalents at End of Period		45 674 128	43 414 907

RICHMOND LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Inventories	186 000	-	186 000	-	-	186 000	166 619	-	(19 381)	89.58	89.58
Non-current Assets Held-for-Sale	-	-	-	-	-	-	963 384	-	963 384	0.00	0.00
Receivables from Exchange Transactions	1 568 000	(145 000)	1 423 000	-	-	1 423 000	1 171 771	-	(251 229)	82.35	74.73
Receivables from Non-exchange Transactions	1 226 000	-	1 226 000	-	-	1 226 000	3 724 259	-	2 498 259	303.77	303.77
VAT Receivable	-	-	-	-	-	-	685 773	-	685 773	0.00	0.00
Cash and Cash Equivalents	30 556 000	20 000 000	50 556 000	-	-	50 556 000	45 674 128	-	(4 881 872)	90.34	149.48
Current Portion of Long-term Receivables	-	-	-	-	-	-	9 768	-	9 768	0.00	0.00
		-			-						
Non-Current Assets		-			-						
Property, Plant and Equipment	126 150 000	(19 134 000)	107 016 000	-	-	107 016 000	117 444 268	-	10 428 268	109.74	93.10
Intangible Assets	24 000	(10 000)	14 000	-	-	14 000	11 518	-	(2 482)	82.27	47.99
Investment Property	4 115 000	-	4 115 000	-	-	4 115 000	4 114 852	-	(148)	100.00	100.00
Heritage Assets	-	-	-	-	-	-	128 080	-	128 080	0.00	0.00
Non-current Investments	-	-	-	-	-	-	266	-	266	0.00	0.00
Long-term Receivables	6 166 000	-	6 166 000	-	-	6 166 000	0	-	(6 166 000)	0.00	0.00
Total Assets	169 991 000	711 000	170 702 000	-	-	170 702 000	174 094 686	-	3 392 686	101.99	102.41
Current Liabilities											
Provisions	-	-	-	-	-	-	207 681	-	207 681	0.00	0.00
Payables from Exchange Transactions	1 310 000	-	1 310 000	-	-	1 310 000	5 913 355	-	4 603 355	451.40	451.40
Payables from Non-exchange Transactions	-	-	-	-	-	-	2 407 665	-	2 407 665	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	17 364 240	-	17 364 240	0.00	0.00
Operating Lease Liabilities	-	-	-	-	-	-	296 176	-	296 176	0.00	0.00
Current Portion of Long-term Liabilities	-	-	-	-	-	-	20 770	-	20 770	0.00	0.00
Non-Current Liabilities											
Long-term Liabilities	-	20 803	20 803	-	-	20 803	0	-	(20 803)	0.00	0.00
Retirement Benefit Liabilities	-	-	-	-	-	-	8 058 821	-	8 058 821	0.00	0.00
Non-current Provisions	10 207 000	(159 000)	10 048 000	-	-	10 048 000	2 510 362	-	(7 537 638)	24.98	24.59
Total Liabilities	11 517 000	(138 197)	11 378 803	-	-	11 378 803	36 779 070	-	25 400 267	323.22	319.35
Total Assets and Liabilities	**158 474 000**	**849 197**	**159 323 197**	**-**	**-**	**159 323 197**	**137 315 616**	**-**	**(22 007 581)**	**86.19**	**86.65**
Net Assets (Equity)											
Accumulated Surplus / (Deficit)	158 474 000	849 197	159 323 197	-	-	159 323 197	137 315 616	-	(22 007 581)	86.19	86.65
Total Net Assets	**158 474 000**	**849 197**	**159 323 197**	**-**	**-**	**159 323 197**	**137 315 616**	**-**	**(22 007 581)**	**86.19**	**86.65**

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Inventories:

Inventories were not over budgeted for - immaterial amount.

Non-current Assets Held-for-Sale:

NT Budget Template not aligned to GRAP - included in budget for Property, Plant & Equipment.

Receivables from Exchange Transactions:

It was over budgeted for Receivables from Exchange Transactions.

Receivables from Non-exchange Transactions:

It was under budgeted for Receivables from Exchange Transactions.

VAT Receivable:

Claim for Input VAT not yet paid by SARS.

Current Portion of Long-term Receivables:

It was not budgeted for Current Portion of Long-term Receivables.

Intangible Assets:

It was over budgeted for Intangible Assets.

Heritage Assets:

NT Budget Template not aligned to GRAP - included in budget for Property, Plant & Equipment.

Non-current Investments:

It was not budgeted for Non-current Investments - immaterial amount.

Long-term Receivables:

It was not budgeted for the write-off Long-term Receivables.

Provisions:

It was not budgeted for Provisions.

Payables from Exchange Transactions:

It was under-budgeted for Payables from Exchange Transactions.

Payables from Non-exchange Transactions:

NT Budget Template not aligned to GRAP - included in budget for Payables from Exchange Transactions.

Unspent Conditional Grants and Receipts:

It was not budgeted for Unspent Grants at year-end.

Operating Lease Liabilities:

NT Budget Template not aligned to GRAP - included in budget for Payables from Exchange Transactions.

Retirement Benefit Liabilities:

Included in budget for Non-current Provisions.

Non-current Provisions:

Includes budget for Retirement Benefit Liabilities

Accumulated Surplus / (Deficit):

It was over budgeted for Accumulated Surplus.

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Property Rates	8 200 000	-	8 200 000	-	1 000 000	9 200 000	9 512 236	-	312 236	103.39	116.00
Property Rates - Penalties imposed and collection charges	400 000	-	400 000	-	80 000	480 000	824 167	-	344 167	171.70	206.04
Fines	252 500	-	252 500	-	(200 000)	52 500	138 000	-	85 500	262.86	54.65
Licences and Permits	336 000	-	336 000	-	100	336 100	377 056	-	40 956	112.19	112.22
Income for Agency Services	408 500	-	408 500	-	80 000	488 500	515 261	-	26 761	105.48	126.13
Government Grants and Subsidies Received	54 860 000	-	54 860 000	-	17 176 999	72 036 999	40 411 812	-	(31 625 187)	56.10	73.66
Revenue from Exchange Transactions											
Service Charges	488 820	-	488 820	-	(70 000)	418 820	405 186	-	(13 634)	96.74	82.89
Rental of Facilities and Equipment	1 089 768	-	1 089 768	-	5 289 235	6 379 003	5 176 990	-	(1 202 013)	81.16	475.05
Interest Earned - External Investments	1 700 000	-	1 700 000	-	150 000	1 850 000	2 120 545	-	270 545	114.62	124.74
Interest Earned - Outstanding Debtors	70 180	-	70 180	-	56 000	126 180	132 978	-	6 798	105.39	189.48
Other Income	345 490	-	345 490	-	37 100	382 590	437 105	-	54 515	114.25	126.52
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Revenue	68 151 258	-	68 151 258	-	23 599 434	91 750 692	60 051 337	-	(31 699 356)	65.45	88.11
Expenditure											
Employee Related Costs	26 938 298	-	26 938 298	-	(91 257)	26 847 041	24 663 640	-	(2 183 401)	91.87	91.56
Remuneration of Councillors	3 908 226	-	3 908 226	-	35 263	3 943 489	3 750 576	-	(192 913)	95.11	95.97
Collection Costs	50 000	-	50 000	-	(10 000)	40 000	19 078	-	(20 922)	47.69	38.16
Depreciation and Amortisation	5 583 778	-	5 583 778	-	48 500	5 632 278	6 362 316	730 038	730 038	112.96	113.94
Impairment Losses	-	-	-	-	550 000	550 000	1 266 130	716 130	716 130	230.21	0.00
Repairs and Maintenance	3 524 070	-	3 524 070	-	(385 618)	3 138 452	2 583 435	-	(555 018)	82.32	73.31
Finance Costs	1 300	-	1 300	-	191 000	192 300	613 462	421 162	421 162	319.01	47 189.36
Contracted Services	3 256 740	-	3 256 740	-	4 219 687	7 476 427	5 916 939	-	(1 559 488)	79.14	181.68
Grants and Subsidies Paid	725 000	-	725 000	-	1 365 062	2 090 062	1 987 752	-	(102 311)	95.10	274.17
General Expenses	13 587 283	-	13 587 283	-	5 158 457	18 745 740	14 771 118	-	(3 974 623)	78.80	108.71
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	365 000	365 000	363 247	-	(1 753)	99.52	0.00
Total Expenditure	57 574 695	-	57 574 695	-	11 446 094	69 020 789	62 297 692	1 867 330	(6 723 097)	90.26	108.20
Surplus/(Deficit)	10 576 563	-	10 576 563	-	12 153 340	22 729 903	(2 246 355)	(1 867 330)	(24 976 258)	0.00	0.00
Transfers Recognised - Capital	-	-	-	-	-	-	21 778 411	21 778 411	21 778 411	0.00	0.00
Surplus/(Deficit for the Year	**10 576 563**	**-**	**10 576 563**	**-**	**12 153 340**	**22 729 903**	**19 532 055**	**19 911 081**	**(3 197 848)**	**85.93**	**184.67**

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Property Rates - Penalties imposed and collection charges:

Penalties and Collection Charges imposed exceeded budgetary expectations.

Fines:

Fines issued and paid exceeded budgetary expectations, and the stipulations of IGRAP1 was not considered during the budgeting process.

Licences and Permits:

It was under budgeted for Licences and Permits.

Government Grants and Subsidies Received:

Capital Transfers below are included in the budget for Government Grants and Subsidies Received.

Rental of Facilities and Equipment:

It was over budgeted for rental received for the Plantation.

Interest Earned - External Investments:

It was not budgeted for Unspent Grants at year-end.

Other Income:

It was under budgeted for Other Income.

Collection Costs:

It was under budgeted for Collection Costs.

Depreciation and Amortisation:

It was under budgeted for Depreciation and Amortisation.

Impairment Losses:

It was not budgeted for Impairment Losses on Debtors.

Repairs and Maintenance:

It was over budgeted for Repairs and Maintenance.

Finance Costs:

It was under budgeted for interest on Finance Leases.

Contracted Services:

It was overbudgeted for expenditure incurred for the Plantation.

General Expenses :

NT Budget Template not aligned to GRAP - General Expenses include other streams of expenditure.

Transfers Recognised - Capital:

Capital Transfers are included in the budget for Government Grants and Subsidies Received above.

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION											
Executive and Council	48 000	25 000	73 000	-	-	73 000	45 488	-	(27 512)	62.31	94.77
Budget and Treasury Office	-	20 000	20 000	-	-	20 000	138 363	118 363	118 363	691.81	0.00
Corporate Services	101 000	(21 000)	80 000	-	-	80 000	46 446	-	(33 554)	58.06	45.99
Community and Social Services	1 869 000	(1 474 000)	395 000	-	-	395 000	7 514 685	7 119 685	7 119 685	1 902.45	402.07
Sport and Recreation	409 500	1 977 500	2 387 000	-	(119 350)	2 267 650	-	-	(2 267 650)	0.00	0.00
Public Safety	138 000	9 358 000	9 496 000	-	-	9 496 000	-	-	(9 496 000)	0.00	0.00
Planning and Development	58 000	15 000	73 000	-	-	73 000	1 341 845	1 268 845	1 268 845	1 838.14	2 313.53
Roads and Transport	15 173 000	5 533 000	20 706 000	-	(1 035 300)	19 670 700	12 052 693	-	(7 618 007)	61.27	79.44
Waste Management	1 519 500	(108 500)	1 411 000	-	(70 550)	1 340 450	-	-	(1 340 450)	0.00	0.00
Total Capital Expenditure	**19 316 000**	**15 325 000**	**34 641 000**	**-**	**(1 225 200)**	**33 415 800**	**21 139 519**	**8 506 892**	**(12 276 281)**	**63.26**	**109.44**

Capital Expendirure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Executive and Council:
Immaterial amount.
Budget and Treasury Office:
{Give short explanation of the main reason(s) for deviation here}
Corporate Services:
Immaterial amount.
Community and Social Services:
Repairs and Maintenance projects budgeted for under capital.
Sport and Recreation:
MIG Projects budgeted for, were not completed and are carried over to 2013/14.
Public Safety:
Richmond Drivers' Testing Centre budgeted for, was not completed and is carried over to 2013/14.
Planning and Development:
Enhancing of Entrance Points to Richmond town budgeted for, was not undertaken.
Roads and Transport:
MIG Projects budgeted for, were not completed and are carried over to 2013/14.
Waste Management:
{Give short explanation of the main reason(s) for deviation here}

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW											
Cash Flows from/(used in) Operating Activities											
Property Rates	9 273 000	5 291 000	14 564 000	-	-	14 564 000	7 785 836	-	(6 778 164)	53.46	83.96
Grants	54 860 000	14 063 000	68 923 000	-	-	68 923 000	59 372 047	-	(9 550 953)	86.14	108.22
Service Charges	-	-	-	-	-	-	394 977	394 977	394 977	0.00	0.00
Interest Received	1 700 000	58 000	1 758 000	-	-	1 758 000	2 120 545	362 545	362 545	120.62	124.74
Other Receipts	-	-	-	-	-	-	5 366 415	5 366 415	5 366 415	0.00	0.00
Employee Related Costs	-	-	-	-	-	-	(24 508 373)	-	(24 508 373)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	(3 750 576)	-	(3 750 576)	0.00	0.00
Interest Paid	76 000	4 000	80 000	-	-	80 000	(613 462)	-	(693 462)	0.00	0.00
Suppliers Paid	(51 479 000)	25 428 000	(26 051 000)	-	-	(26 051 000)	(8 423 923)	17 627 077	17 627 077	0.00	0.00
Other Payments	-	-	-	-	-	-	(15 757 165)	-	(15 757 165)	0.00	0.00
Cash Flows from/(used in) Investing Activities											
Purchase of Property, Plant and Equipment	(19 315 000)	(8 710 000)	(28 025 000)	-	-	(28 025 000)	(21 137 319)	6 887 681	6 887 681	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	(363 247)	-	(363 247)	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	1 926 031	1 926 031	1 926 031	0.00	0.00
Cash Flows from/(used in) Financing Activities											
New Loans raised	-	-	-	-	-	-	-	-	-	0.00	0.00
Loans repaid	-	-	-	-	-	-	(150 364)	-	(150 364)	0.00	0.00
Cash and Cash Equivalents at End of the Year	**(4 885 000)**	**36 134 000**	**31 249 000**	**-**	**-**	**31 249 000**	**2 259 221**	**32 564 726**	**(28 989 779)**	**7.23**	**0.00**

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Property Rates

{Give short explanation of the main reason(s) for deviation here}

Grants

It was under-budgeted for Grants.

Service Charges

Budget not aligned to GRAP - included in budget for Property Rates.

Interest Received

It was under-budgeted for Interest Received.

Other Receipts

Budget not aligned to GRAP - included in budget for Property Rates.

Employee Related Costs

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Remuneration of Councillors

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Interest Paid

Immaterial amount.

Suppliers Paid

Budget not aligned to GRAP -other streams of expenditure included in budget for Suppliers Paid.

Other Payments

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Purchase of Property, Plant and Equipment:

It was over-budgeted for Purchase of Property, Plant and Equipment.

Purchase of Intangible Assets:

{Give short explanation of the main reason(s) for deviation here}

Proceeds on Disposal of Property, Plant and Equipment:

It was not budgeted for Proceeds on Disposal of Property, Plant and Equipment.

Decrease / (Increase) in Long-term Receivables:

{Give short explanation of the main reason(s) for deviation here}

Loans repaid:

It was not budgeted for Loans Repaid.

Cash and Cash Equivalents at End of the Year:

It was under-budgeted for Cash and Cash Equivalents.

30 June 2013

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Inventories	-	-	-	-	-	-	26 299	-	26 299	0.00	0.00
Non-current Assets Held-for-Sale	-	-	-	-	-	-	1 545 536	-	1 545 536	0.00	0.00
Receivables from Exchange Transactions	2 915 000	(1 846 991)	1 068 009	-	(405 000)	663 009	1 224 213	-	561 204	184.65	42.00
Receivables from Non-exchange Transactions	-	-	-	-	-	-	2 143 959	-	2 143 959	0.00	0.00
VAT Receivable	-	-	-	-	-	-	745 287	-	745 287	0.00	0.00
Cash and Cash Equivalents	34 880 000	(9 880 000)	25 000 000	-	-	25 000 000	43 414 907	-	18 414 907	173.66	124.47
Current Portion of Long-term Receivables	-	-	-	-	-	-	22 600	-	22 600	0.00	0.00
Non-Current Assets											
Property, Plant and Equipment	108 755 198	-	108 755 198	-	-	108 755 198	102 748 260	-	(6 006 938)	94.48	94.48
Intangible Assets	-	-	-	-	-	-	14 323	-	14 323	0.00	0.00
Investment Property	-	-	-	-	-	-	4 114 852	-	4 114 852	0.00	0.00
Heritage Assets	-	-	-	-	-	-	128 080	-	128 080	0.00	0.00
Non-current Investments	-	-	-	-	-	-	266	-	266	0.00	0.00
Long-term Receivables	-	-	-	-	-	-	9 768	-	9 768	0.00	0.00
Total Assets	146 550 198	(11 726 991)	134 823 207	-	(405 000)	134 418 207	156 138 351	-	21 720 144	116.16	106.54
Current Liabilities											
Consumer Deposits	-	-	-	-	-	-	-	-	-	0.00	0.00
Provisions	-	-	-	-	-	-	226 546	-	226 546	0.00	0.00
Payables from Exchange Transactions	1 236 000	-	1 236 000	-	-	1 236 000	5 696 584	-	4 460 584	460.89	460.89
Payables from Non-exchange Transactions	-	-	-	-	-	-	2 030 144	-	2 030 144	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	20 182 416	-	20 182 416	0.00	0.00
Operating Lease Liabilities/Payables	-	-	-	-	-	-	259 475	-	259 475	0.00	0.00
Current Portion of Long-term Liabilities	-	-	-	-	-	-	150 331	-	150 331	0.00	0.00
Non-Current Liabilities											
Long-term Liabilities	-	-	-	-	-	-	20 803	-	20 803	0.00	0.00
Retirement Benefit Liabilities	4 325 000	-	4 325 000	-	1 712 000	6 037 000	7 884 689	-	1 847 689	130.61	182.30
Non-current Provisions	3 165 000	160 000	3 325 000	-	-	3 325 000	1 903 801	-	(1 421 199)	57.26	60.15
Total Liabilities	8 726 000	160 000	8 886 000	-	1 712 000	10 598 000	38 354 790	-	27 756 790	361.91	439.55
Total Assets and Liabilities	**137 824 198**	**(11 886 991)**	**125 937 207**	**-**	**(2 117 000)**	**123 820 207**	**117 783 561**	**-**	**(6 036 646)**	**95.12**	**85.46**
Net Assets (Equity)											
Accumulated Surplus / (Deficit)	137 824 198	(11 886 991)	125 937 207	-	(2 117 000)	123 820 207	117 783 561	-	(6 036 646)	95.12	85.46
Total Net Assets	**137 824 198**	**(11 886 991)**	**125 937 207**	**-**	**(2 117 000)**	**123 820 207**	**117 783 561**	**-**	**(6 036 646)**	**95.12**	**85.46**

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.

Inventories:

Inventories were not budgeted for - immaterial amount.

Non-current Assets Held-for-Sale:

Budget not aligned to GRAP - included in budget for Property, Plant & Equipment.

Receivables from Exchange Transactions:

It was under-budgeted for Receivables from Exchange Transactions.

Receivables from Non-exchange Transactions:

Budget not aligned to GRAP - included in budget for Receivables from Exchange Transactions.

VAT Receivable:

Claim for Input VAT not yet paid by SARS.

Cash and Cash Equivalents:

It was not budgeted for Unspent Grants at year-end.

Current Portion of Long-term Receivables:

It was under-budgeted for Current Portion of Long-term Receivables.

Intangible Assets:

Included in budget for Property, Plant & Equipment.

Investment Property:

Included in budget for Property, Plant & Equipment.

Heritage Assets:

Included in budget for Property, Plant & Equipment.

Non-current Investments:

It was not budgeted for Non-current Investments - immaterial amount.

Long-term Receivables:

It was not budgeted for Long-term Receivables.

Provisions:

It was not budgeted for Provisions.

Payables from Exchange Transactions:

It was under-budgeted for Payables from Exchange Transactions.

Payables from Non-exchange Transactions:

Budget not aligned to GRAP - included in budget for Payables from Exchange Transactions.

Unspent Conditional Grants and Receipts:

It was not budgeted for Unspent Grants at year-end.

Operating Lease Liabilities:

Budget not aligned to GRAP - included in budget for Payables from Exchange Transactions.

Current Portion of Long-term Liabilities:

It was not budgeted for Current Portion of Long-term Liabilities.

Long-term Liabilities:

It was not budgeted for Current Portion of Long-term Liabilities.

Retirement Benefit Liabilities:

It was under-budgeted for Retirement Benefit Liabilities.

Non-current Provisions:

It was under-budgeted for Non-current Provisions.

30 June 2013

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Property Rates	6 000 000	-	6 000 000	-	1 200 000	7 200 000	8 542 306	-	1 342 306	118.64	142.37
Property Rates - Penalties imposed and collection charges	300 000	20 000	320 000	-	80 000	400 000	806 897	-	406 897	201.72	268.97
Fines	406 000	(402 000)	4 000	-	(1 500)	2 500	379 121	-	376 621	15 164.86	93.38
Licences and Permits	2 008 770	(1 500 000)	508 770	-	(74 185)	434 585	401 224	-	(33 361)	92.32	19.97
Income for Agency Services	363 550	114 860	478 410	-	(67 985)	410 425	458 106	-	47 681	111.62	126.01
Government Grants and Subsidies Received	50 022 194	3 912 362	53 934 556	-	16 964 556	70 899 112	37 977 384	-	(32 921 727)	53.57	75.92
Revenue from Exchange Transactions											
Service Charges	524 880	(235 000)	289 880	-	19 510	309 390	299 603	-	(9 787)	96.84	57.08
Rental of Facilities and Equipment	840 100	210 500	1 050 600	-	109 514	1 160 114	1 033 491	-	(126 624)	89.09	123.02
Interest Earned - External Investments	1 200 000	100 000	1 300 000	-	200 000	1 500 000	1 518 174	-	18 174	101.21	126.51
Interest Earned - Outstanding Debtors	51 140	20 000	71 140	-	33 310	104 450	146 399	-	41 949	140.16	286.27
Other Income	5 232 236	(4 790 926)	441 310	-	20 630	461 940	493 234	-	31 294	106.77	9.43
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Revenue	66 948 870	(2 550 204)	64 398 666	-	18 483 850	82 882 516	52 055 940	-	(30 826 577)	62.81	77.75
Expenditure											
Employee Related Costs	19 979 440	(468 880)	19 510 560	-	3 256 994	22 767 554	23 833 489	1 065 936	1 065 936	104.68	119.29
Remuneration of Councillors	3 306 670	100 504	3 407 174	-	238 026	3 645 200	3 477 164	-	(168 036)	95.39	105.16
Collection Costs	150 000	(131 000)	19 000	-	31 000	50 000	27 796	-	(22 204)	55.59	18.53
Depreciation and Amortisation	4 694 670	-	4 694 670	-	155 720	4 850 390	4 306 412	-	(543 978)	88.78	91.73
Impairment Losses	-	-	-	-	-	-	4 178 010	4 178 010	4 178 010	0.00	0.00
Repairs and Maintenance	2 857 483	(251 839)	2 605 644	-	(55 783)	2 549 861	1 768 100	-	(781 761)	69.34	61.88
Finance Costs	-	12 000	12 000	-	7 376	19 376	184 456	165 080	165 080	951.96	0.00
Contracted Services	2 197 790	282 490	2 480 280	-	(122 407)	2 357 873	2 933 271	575 398	575 398	124.40	133.46
Grants and Subsidies Paid	983 780	587 958	1 571 738	-	3 909 744	5 481 482	5 186 910	-	(294 572)	94.63	527.24
General Expenses	15 269 590	(450 855)	14 818 735	-	466 109	15 284 845	11 032 172	-	(4 252 672)	72.18	72.25
Loss on Disposal of Property, Plant and Equipment	-	13 100	13 100	-	(13 100)	-	151 596	151 596	151 596	0.00	0.00
Total Expenditure	49 439 423	(306 522)	49 132 901	-	7 873 679	57 006 580	57 079 376	6 136 019	72 796	100.13	115.45
Surplus/(Deficit)	17 509 447	(2 243 682)	15 265 765	-	10 610 171	25 875 936	(5 023 436)	(6 136 019)	(30 899 372)	0.00	0.00
Transfers Recognised - Capital	-	-	-	-	-	-	19 175 075	19 175 075	19 175 075	0.00	0.00
Surplus/(Deficit for the Year	**17 509 447**	**(2 243 682)**	**15 265 765**	**-**	**10 610 171**	**25 875 936**	**14 151 638**	**13 039 055**	**(11 724 298)**	**54.69**	**80.82**

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Property Rates:

It was under-budgeted for Property Rates.

Property Rates - Penalties imposed and collection charges:

Penalties and Collection Charges imposed exceeded budgetary expectations.

Fines:

Fines issued and paid exceeded budgetary expectations.

Income for Agency Services:

Income for Agency Services exceeded budgetary expectations.

Government Grants and Subsidies Received:

Capital Transfers below are included in the budget for Government Grants and Subsidies Received.

Rental of Facilities and Equipment:

It was over-budgeted for rental received for the Plantation.

Interest Earned - External Investments:

It was not budgeted for Unspent Grants at year-end.

Interest Earned - Outstanding Debtors:

Interest raised on Arrear Debt exceeded budgetary expectations.

Collection Costs:

Budget not aligned to GRAP - included in budget for General Expenses.

Impairment Losses:

It was not budgeted for Impairment Losses.

Repairs and Maintenance:

Budget not aligned to GRAP - included in budget for General Expenses.

Contracted Services:

It was under-budgeted for expenditure incurred for the Plantation.

General Expenses :

Budget not aligned to GRAP - General Expenses include other streams of expenditure.

Loss on Disposal of Property, Plant and Equipment:

It was not budgeted for Loss on Disposal of Property, Plant and Equipment.

Transfers Recognised - Capital:

Capital Transfers are included in the budget for Government Grants and Subsidies Received above.

30 June 2013

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION											
Executive and Council	4 000	40 000	44 000	-	12 950	56 950	49 459	-	(7 491)	86.85	1 236.47
Budget and Treasury Office	-	20 000	20 000	-	750	20 750	20 356	-	(394)	98.10	0.00
Corporate Services	51 000	699 000	750 000	-	(14 750)	735 250	170 208	-	(565 042)	23.15	333.74
Community and Social Services	331 000	9 000	340 000	-	(500)	339 500	265 096	-	(74 404)	78.08	80.09
Sport and Recreation	61 000	1 582 000	1 643 000	-	1 852 210	3 495 210	2 113 774	-	(1 381 436)	60.48	3 465.20
Public Safety	207 000	991 000	1 198 000	-	23 000	1 221 000	858 375	-	(362 625)	70.30	414.67
Planning and Development	1 920 000	(1 762 000)	158 000	-	400 750	558 750	117 680	-	(441 070)	21.06	6.13
Roads and Transport	17 817 000	9 261 182	27 078 182	-	(2 274 410)	24 803 772	17 612 437	-	(7 191 336)	71.01	98.85
Waste Management	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Capital Expenditure	**20 391 000**	**10 840 182**	**31 231 182**	**-**	**-**	**31 231 182**	**21 207 384**	**-**	**(10 023 799)**	**67.90**	**104.00**

Capital Expendirure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Executive and Council:
Immaterial amount.
Corporate Services:
Land budgeted for, was not puchased.
Community and Social Services:
Repairs and Maintenance projects budgeted for under capital.
Sport and Recreation:
MIG Projects budgeted for, were not completed and are carried over to 2013/14.
Public Safety:
Richmond Drivers' Testing Centre budgeted for, was not completed and is carried over to 2013/14.
Planning and Development:
Enhancing of Entrance Points to Richmond town budgeted for, was not undertaken.
Roads and Transport:
MIG Projects budgeted for, were not completed and are carried over to 2013/14.

30 June 2013

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW											
Cash Flows from/(used in) Operating Activities											
Property Rates	9 276 000	-	9 276 000	-	-	9 276 000	8 642 252	-	(633 748)	93.17	93.17
Grants	48 540 000	2 005 000	50 545 000	-	-	50 545 000	55 524 671	4 979 671	4 979 671	109.85	114.39
Service Charges	-	-	-	-	-	-	37 149	37 149	37 149	0.00	0.00
Interest Received	1 350 000	-	1 350 000	-	-	1 350 000	1 518 174	168 174	168 174	112.46	112.46
Other Receipts	-	-	-	-	-	-	5 427 963	5 427 963	5 427 963	0.00	0.00
Employee Related Costs	-	-	-	-	-	-	(21 791 966)	-	(21 791 966)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	(3 477 164)	-	(3 477 164)	0.00	0.00
Interest Paid	(6 500)	-	(6 500)	-	-	(6 500)	(184 456)	-	(177 956)	0.00	0.00
Suppliers Paid	(37 485 000)	-	(37 485 000)	-	-	(37 485 000)	(2 976 888)	34 508 112	34 508 112	0.00	0.00
Other Payments	(59 000)	-	(59 000)	-	59 000	-	(15 611 533)	-	(15 611 533)	0.00	0.00
Cash Flows from/(used in) Investing Activities											
Purchase of Property, Plant and Equipment	(20 391 000)	(10 840 000)	(31 231 000)	-	-	(31 231 000)	(21 207 384)	10 023 616	10 023 616	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	1 652 000	(1 652 000)	-	-	-	-	(102 059)	-	(102 059)	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	25 125	25 125	25 125	0.00	0.00
Cash Flows from/(used in) Financing Activities											
New Loans raised	-	-	-	-	-	-	214 297	214 297	214 297	0.00	0.00
Loans repaid	-	-	-	-	-	-	(354 659)	-	(354 659)	0.00	0.00
Cash and Cash Equivalents at End of the Year	**2 876 500**	**(10 487 000)**	**(7 610 500)**	**-**	**59 000**	**(7 551 500)**	**5 683 523**	**55 384 108**	**13 235 023**	**0.00**	**197.58**

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Grants

It was under-budgeted for Grants.

Service Charges

Budget not aligned to GRAP - included in budget for Property Rates.

Interest Received

It was under-budgeted for Interest Received.

Other Receipts

Budget not aligned to GRAP - included in budget for Property Rates.

Employee Related Costs

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Remuneration of Councillors

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Interest Paid

Immaterial amount.

Suppliers Paid

Budget not aligned to GRAP -other streams of expenditure included in budget for Suppliers Paid.

Other Payments

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Purchase of Property, Plant and Equipment:

It was over-budgeted for Purchase of Property, Plant and Equipment.

Proceeds on Disposal of Property, Plant and Equipment:

It was not budgeted for Proceeds on Disposal of Property, Plant and Equipment.

New Loans raised:

It was not budgeted for Decrease / (Increase) in External Loans Raised.

Loans repaid:

It was not budgeted for Loans Repaid.

Cash and Cash Equivalents at End of the Year:

It was under-budgeted for Cash and Cash Equivalents.

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2013/14		2012/13
	R		R
Net surplus/(deficit) per the statement of financial performance	**19 532 055**		**14 151 638**
Revenue from Non-exchange Transactions			
Property Rates	(312 236)		(2 542 306)
Property Rates - Penalties imposed and collection charges	(344 167)		(506 897)
Fines	(85 500)		26 879
Licences and Permits	(40 956)		1 607 546
Revenue for Agency Services	(26 761)		(94 556)
Government Grants and Subsidies Received	9 846 777		(7 130 265)
Revenue from Exchange Transactions			
Service Charges	13 634		225 277
Rental of Facilities and Equipment	1 202 013		(193 391)
Interest Earned - External Investments	(270 545)		(318 174)
Interest Earned - Outstanding Debtors	(6 798)		(95 259)
Other Revenue	(54 515)		4 739 002
Gains on Disposal of Property, Plant and Equipment	-		-
Expenditure			
Employee Related Costs	(2 183 401)		3 854 049
Remuneration of Councillors	(192 913)		170 494
Collection Costs	(20 922)		(122 204)
Depreciation and Amortisation	730 038		(388 258)
Impairment Losses	716 130		4 178 010
Repairs and Maintenance	(555 018)		(1 089 383)
Finance Costs	421 162		184 456
Contracted Services	(1 559 488)		735 481
Grants and Subsidies Paid	(102 311)		4 203 130
General Expenses	(3 974 623)		(4 237 418)
Loss on Disposal of Property, Plant and Equipment	(1 753)		151 596
Net surplus/deficit per approved budget	**22 729 903**		**17 509 447**

RICHMOND LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1.1 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2013 and 30 June 2014 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

(a) Is required by a Standard of GRAP; or
(b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy 11.2 on Revenue from Exchange Transactions and Accounting Policy 11.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial Assets and Liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management. Accounting Policy 8.1 on Financial Assets Classification and Accounting Policy 8.2 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of Financial Instruments as set out in GRAP 104 (*Financial Instruments*).

1.2.3 Impairment of Financial Assets

Accounting Policy 8.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- Impairment of Trade Receivables:
  The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

  The total increase in estimation of the impairment of Receivables from Exchange Transactions and that of Receivables from Non-exchange Transactions are disclosed in Notes 4 and 5 to the Annual Financial Statements.

1.2.4 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 3.3, 4.2 and 5.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.2.5 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, Investment Property, Heritage Assets and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 4.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 9.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (Impairment of Non-cash Generating Assets) and GRAP 26 (Impairment of Cash Generating Assets). In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Property, Plant and Equipment, Intangible Assets, Investment Property, Heritage Assets and Inventory are disclosed in Notes 2, 9, 10, 11 and 12 to the Annual Financial Statements, if applicable.

1.2.6 Defined Benefit Plan Liabilities

As described in Accounting Policy 13.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.2.7 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.2.8 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.3 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Basis* .

1.5 Offsetting

Assets, Liabilities, Revenues and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 20 Related Party Disclosures (Revised)
- GRAP 32 Service Concession Arrangement Grantor
- GRAP 105 Transfers between Entities under common control - issued November 2010
- GRAP 106 Transfers between Entities not under common control - issued November 2010
- GRAP 107 Mergers - issued November 2010
- GRAP 108 Statutory Receivables

The Minister of Finance announced that the application of GRAP 25 will be effective for the period starting after 1 April 2013. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5, paragraph 29, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors* .

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate Accounting Policies dealing with the following transactions, but have not early adopted these Standards:

- GRAP 20 Related Party Disclosures (Revised)

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. NET ASSETS

Included in the Net Assets of the municipality are the following Reserves that are maintained in terms of specific requirements:

2.1 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements:

2.1.1 Housing Development Fund (HDF):

Sections 15(5) and 16 of the Housing Act (Act No107 of 1997), which came into operation on 1 April 1998, required that the municipality maintains a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act. Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The HDF is cash-backed. The cash funds in the HDF are invested in accordance with the Investment Policy of the municipality.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Property, Plant and Equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Property, Plant and Equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as Property, Plant and Equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of Property, Plant and Equipment, they are accounted for as Property, Plant and Equipment.

3.2 Subsequent Measurement

Subsequent expenditure relating to Property, Plant and Equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method* , to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Buildings		**Other**	
Improvements	10 - 30	Bins and Containers	5 - 15
		Computer Equipment	5 - 10
Infrastructure		Emergency Equipment	5 - 10
Electricity	5 - 30	Furniture and Fittings	5 - 15
Roads and Paving	10 -80	Motor Vehicles	7 - 15
Sanitation	7 - 55	Office Equipment	5 - 15
Water	50	Plant and Equipment	5 - 15
		Specialist Vehicles	10 - 20
Community		Other Assets	25 - 30
Community Facilities	15 - 30		
Recreational Facilities	15 - 30		

The assets' residual values, estimated useful lives and depreciation method are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

3.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

3.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure Assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure Assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

3.6 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.7 Leased Assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3.8 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposals are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

4. INTANGIBLE ASSETS

The municipality changed its Accounting Policy from GRAP 102 to GRAP 31 with no effect on the financial information previously disclosed.

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets. The municipality recognises an Intangible Asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated Intangible Assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as Intangible Assets when the following criteria are fulfilled:

(a) It is technically feasible to complete the Intangible Asset so that it will be available for use;
(b) Management intends to complete the Intangible Asset and use or sell it;
(c) There is an ability to use or sell the Intangible Asset;
(d) It can be demonstrated how the Intangible Asset will generate probable future economic benefits;
(e) Adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset are available; and
(f) The expenditure attributable to the Intangible Asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible Assets are initially recognised at cost. The cost of an Intangible Asset is the purchase price and other costs attributable to bring the Intangible Asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an Intangible Asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

4.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

In terms of GRAP 31, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a *Straight-line Basis* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

	Asset Class	**Years**		**Asset Class**	Years
	Computer Software	5			

Intangible Assets are annually tested for impairment as described in Accounting Policy 7 on Impairment of Assets, including Intangible Assets not yet available for use. Where items of Intangible Assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a Change in Accounting Estimate in the Statement of Financial Performance.

4.3 Derecognition

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an Intangible Asset is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

5. INVESTMENT PROPERTY

5.1 Initial Recognition

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures Investment Property at cost including transaction costs once it meets the definition of Investment Property. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed Investment Property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held for resale:

(a) Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
(b) Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of operations, the land is regarded as held for capital
(c) A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include the property portfolio rented out on a commercial basis on behalf of the municipality);
(d) A property owned by the municipality and leased out at a below market rental; and
(e) Property that is being constructed or developed for future use as investment property.

The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment property.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

(a) Property held for sale in the ordinary course of operations or in the process of construction or development for such sale;
(b) Property being constructed or developed on behalf of third parties;
(c) Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
(d) Property that is leased to another entity under a finance lease;
(e) Property held to provide goods and services and also generates cash inflows; and
(f) Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment.

5.2 Subsequent Measurement

Investment Property is measured using the *Cost Model* and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the *Straight-line Method* over the useful life of the property, which is estimated at 10 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5.3 Derecognition

An Investment Property shall be derecognised (eliminated from the Statement of Financial Position) on disposal or when the Investment Property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

6. HERITAGE ASSETS

A Heritage Asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

6.1 Initial Recognition

The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Heritage Assets acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

6.2 Subsequent Measurement

Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

6.3 Derecognition

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

6.4 Transitional Provisions

The municipality utilised the transitional provisions under Directive 4, which allows 3 years for the measurement of Heritage Assets.

7. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets* . All other assets are classified as *Non-cash Generating Assets* .

7.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

7.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

8. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets*, *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Effective Interest Rate Method

The Effective Interest Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

Amortised Cost

Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

8.1 Financial Assets – Classification

A Financial Asset is any asset that is a cash, a contractual right to receive cash or another financial asset from another entity.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

- **Financial Assets measured at Amortised Cost** are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the *Effective Interest Rate Method* less a provision for impairment.

- **Financial Assets measured at Fair Value** are financial assets that meet either of the following conditions:
  (i) Derivatives;
  (ii) Combined instruments that are designated at fair value;
  (iii) Instruments held for trading;
  (iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
  (v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.

- **Financial Assets measured at Cost** are investments in residual Interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The municipality has the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Non-current Investments	Financial Assets at Amortised Cost
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Notice Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Non-current Investments	Financial Assets at Amortised Cost
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts. The municipality categorises Cash and Cash Equivalents as Financial Assets at Amortised Cost.

8.2 Financial Liabilities – Classification

A Financial Liability is a contractual obligation to deliver cash or another Financial Assets to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

(i) Financial Liabilities measured at Fair Value;
(ii) Financial Liabilities measured at Amortised Cost; or
(iii) Financial Liabilities measured at Cost.

The municipality has the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

Financial Liabilities that are measured at Fair Value are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

8.3 Initial and Subsequent Measurement

8.3.1 Financial Assets:

Financial Assets measured at Amortised Cost
Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis* .

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial Assets at Amortised Cost* .

Financial Assets measured at Fair Value
Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

8.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value
Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at Amortised Cost
Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method* . Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

8.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

8.4.1 Financial Assets at Amortised Cost

Accounts Receivable encompass Long-term Debtors, Receivables from Exchange Transactions (Consumer Debtors) and Receivables from Non-exchange Transactions (Other Debtors).

Initially Accounts Receivable are valued at fair value plus transaction costs, and subsequently carried at amortised cost using the *Effective Interest Rate Method*. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

8.4.2 Financial Assets at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

8.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

8.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

9. INVENTORIES

9.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

9.2 Subsequent Measurement

9.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business). The cost is determined using the weighted average cost of commodities.

9.2.2 Other Inventories

Redundant and slow-moving Inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such Inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

10. NON-CURRENT ASSETS HELD-FOR-SALE

10.1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

10.2 Subsequent Measurement

Non-current Assets and Disposal Groups classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held-for-sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in the Statement of Financial Performance.

The gain or loss on the eventual sale of non-current assets held-for-sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held-for-sale is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

11. REVENUE RECOGNITION

11.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from Exchange Transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from Non-exchange Transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

11.2 Revenue from Exchange Transactions

11.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage, and are levied based on the number of refuse collections on each property during the week.

11.2.2 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a *Straight-line Basis* over the term of the lease agreement.

11.2.3 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

11.2.4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

11.2.5 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

11.2.6 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

(a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

11.3 Revenue from Non-exchange Transactions

An inflow of resources from a Non-exchange Transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a Non-exchange Transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

11.3.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a *Time-proportionate Basis* with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

11.3.2 Fines

Fines constitute both spot fines and summonses. Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably.

Revenue for fines is recognised when the fine is issued at the full amount of the receivable, considering the allowance in terms of IGRAP 1 to use estimates to determine the amount of revenue that the municipality is entitled to collect.

Assessing and recognising impairment is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not be made at the time of initial recognition.

11.3.3 Public Contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

11.3.4 Government Grants and Receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

11.3.5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

12. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

12.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

13. EMPLOYEE BENEFIT LIABILITIES

The municipality changed its Accounting Policy from IAS 19 to GRAP 25 with no effect on the financial information previously disclosed.

13.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

13.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

13.2.1 Defined Contribution Plans

A **Defined Contribution Plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

13.2.2 Defined Benefit Plans

A **Defined Benefit Plan** is a post-employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits
The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method* , incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

Long-service Allowance
The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

14. LEASES

14.1 Classification

Leases are classified as **Finance Leases** where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as **Operating Leases**.

14.2 The Municipality as Lessee

14.2.1 Finance Leases

Where the municipality enters into a finance lease, property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset, plus any direct costs incurred. Lease payments are allocated between the finance cost and the capital repayment using the *Effective Interest Rate Method*. Finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the *Effective Interest Rate Method*. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

14.2.2 Operating Leases

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a *Straight-line Basis* over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a *Straight-line Basis*, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

14.3 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

14.4 Determining whether an Arrangement contains a Lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

15. BORROWING COSTS

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance in accordance with the requirements of GRAP 5.

To the extent that the municipality borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the municipality shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the municipality that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the municipality capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The municipality ceases to capitalise borrowing costs when substantially all the activities necessary to prepare the qualifying assets for its intended use has been completed. Where the construction of the qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, the municipality shall cease capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part.

16. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

(a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
(b) Expect to be repaid in future; or
(c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

17. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

18. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

C**hanges in Accounting Policies** that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

22. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

23. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

24. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

25. RELATED PARTIES

The municipality changed its Accounting Policy from IPSAS 20 to GRAP 20 with no effect on the financial information previously disclosed.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

26. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

27. COMPARATIVE INFORMATION

27.1 Current Year Comparatives

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

27.2 Prior Year Comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

27.3 Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2013 to 30 June 2014.

	2014 R	2013 R

1. GENERAL INFORMATION

Richmond Local Municipality (the municipality) is a local government institution in Richmond, Kwa-Zulu Natal Province, and is one of six local municipalities under the jurisdiction of the uMgungundlovu District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

Consumable Stores	166 619	26 299
Total Inventories	**166 619**	**26 299**

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

The cost of Inventories recognised as an expense during the period was R323 004 (2013: R409 106).

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. NON-CURRENT ASSETS HELD-FOR-SALE

Property Held-for-Sale - at cost	963 384	1 545 536
Net Non-current Assets Held-for-Sale	**963 384**	**1 545 536**

3.1 Property Held-for-Sale

The municipality holds property for sale in the following categories of assets:

Land	963 384	963 384
Vehicles	0	582 153
Total Property Held-for-Sale	**963 384**	**1 545 536**

The municipality intends to dispose of a parcel of land it no longer utilises. A search is underway for a buyer. No impairment loss was recognised on reclassification of the property as held-for-sale nor at 30 June 2014.

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Service Debtors:	257 653	119 660	137 993
Refuse	257 653	119 660	137 993
Other Receivables	1 189 366	155 588	1 033 778
Total Receivables from Exchange Transactions	**1 447 019**	**275 248**	**1 171 771**

	2014 R		2013 R
	Gross Balances	**Provision for Impairment**	**Net Balances**
	R	**R**	**R**
As at 30 June 2013			
Service Debtors:	180 515	98 043	82 472
Refuse	180 515	98 043	82 472
Other Receivables	1 256 296	114 554	1 141 742
Total Receivables from Exchange Transactions	**1 436 811**	**212 597**	**1 224 213**

Other Receivables include outstanding debtors for various other services, e.g. Deposits, Interest, Rentals and Sundry Services like Dumping Fees, Impounding Fees, etc.

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables.

The municipality receives applications that it processes. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2014, the municipality is owed R1 302 989 (30 June 2013: R973 083) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

4.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2014

	Current	**Past Due**			**Total**
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Refuse:					
Gross Balances	29 499	22 935	28 544	176 676	257 653
Less: Provision for Impairment	-	-	-	119 660	119 660
Net Balances	**29 499**	**22 935**	**28 544**	**57 016**	**137 993**
Other Receivables:					
Gross Balances	45 065	51 104	40 658	1 052 539	1 189 366
Less: Provision for Impairment	-	-	-	155 588	155 588
Net Balances	**45 065**	**51 104**	**40 658**	**896 951**	**1 033 778**

As at 30 June Receivables of R1 097 207 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			**Total**
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	74 038	69 202	1 229 215	1 372 456
Less: Provision for Impairment	-	-	275 248	275 248
Net Balances	**74 038**	**69 202**	**953 967**	**1 097 207**

	2014 R	2013 R

As at 30 June 2013

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Refuse:					
Gross Balances	25 677	14 035	10 595	130 209	180 515
Less: Provision for Impairment	-	-	-	98 043	98 043
Net Balances	**25 677**	**14 035**	**10 595**	**32 165**	**82 472**
Other Receivables:					
Gross Balances	51 995	51 665	61 371	1 091 264	1 256 296
Less: Provision for Impairment	-	-	-	114 554	114 554
Net Balances	**51 995**	**51 665**	**61 371**	**976 710**	**1 141 742**

As at 30 June Receivables of R1 146 541 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	65 700	71 966	1 221 473	1 359 139
Less: Provision for Impairment	-	-	212 597	212 597
Net Balances	**65 700**	**71 966**	**1 008 876**	**1 146 541**

4.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2014				
Current:				
0 - 30 days	24 301	33 416	13 779	3 068
Past Due:				
31 - 60 Days	17 780	44 367	4 971	6 920
61 - 90 Days	17 780	44 367	4 971	2 084
+ 90 Days	248 184	850 208	54 655	76 168
Sub-total	308 046	972 358	78 377	88 239
Less: Provision for Impairment	192 562	31 920	-	50 766
Total Trade Receivables by Customer Classification	**115 484**	**940 438**	**78 377**	**37 473**

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2013				
Current:				
0 - 30 days	12 468	30 199	22 703	12 302
Past Due:				
31 - 60 Days	20 774	28 282	14 308	2 336
61 - 90 Days	15 507	28 173	5 614	22 671
+ 90 Days	189 373	932 036	17 151	82 914
Sub-total	238 121	1 018 690	59 776	120 224
Less: Provision for Impairment	129 911	31 920	-	50 766
Total Trade Receivables by Customer Classification	**108 210**	**986 770**	**59 776**	**69 457**

	2014 R	2013 R
4.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	212 597	248 841
Impairment Losses recognised	62 651	35 184
Impairment Losses reversed	-	(6 304)
Amounts written off as uncollectable	-	(65 124)
Balance at end of year	**275 248**	**212 597**

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

4.4 Ageing of impaired Receivables from Exchange Transactions		
Current:		
0 - 30 Days	-	-
Past Due:		
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	275 248	212 597
Total	**275 248**	**212 597**

4.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Assessment Rates Debtors	6 808 066	4 362 270	2 445 797
Payments made in Advance	2 598	-	2 598
Accruals	85 696	-	85 696
Sundry Deposits	9 300	-	9 300
Sundry Debtors	1 536 263	361 699	1 174 563
Suspense Accounts	6 305	-	6 305
Total Receivables from Non-exchange Transactions	**8 448 228**	**4 723 969**	**3 724 259**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2013			
Assessment Rates Debtors	5 081 892	3 347 002	1 734 889
Payments made in Advance	2 364	-	2 364
Accruals	92 743	-	92 743
Sundry Deposits	9 300	-	9 300
Sundry Debtors	1 239 814	945 399	294 416
Suspense Accounts	10 247	-	10 247
Total Receivables from Non-exchange Transactions	**6 436 359**	**4 292 401**	**2 143 959**

	2014 R	2013 R

The prior year amount for *Receivables from Non-exchange Transactions* has been adjusted. Refer to Note 45.2 on "Correction of Error" for details of the restatement.

Sundry Deposits are in respect of cash deposits made to Caltex for the supply of fuel and uMgungundlovu District Municipality for the supply of water.

Sundry Debtors are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

5.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2014

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Assessment Rates:					
Gross Balances	(196 085)	252 287	206 066	6 545 797	6 808 066
Less: Provision for Impairment	-	-	-	4 362 270	4 362 270
Net Balances	**(196 085)**	**252 287**	**206 066**	**2 183 528**	**2 445 797**
Payments made in Advance:					
Gross Balances	2 598	-	-	-	2 598
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**2 598**	**-**	**-**	**-**	**2 598**
Accruals:					
Gross Balances	85 696	-	-	-	85 696
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**85 696**	**-**	**-**	**-**	**85 696**
Sundry Deposits:					
Gross Balances	9 300	-	-	-	9 300
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**9 300**	**-**	**-**	**-**	**9 300**
Sundry Debtors:					
Gross Balances	1 536 263	-	-	-	1 536 263
Less: Provision for Impairment	361 699	-	-	-	361 699
Net Balances	**1 174 563**	**-**	**-**	**-**	**1 174 563**
Suspense Accounts:					
Gross Balances	6 305	-	-	-	6 305
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**6 305**	**-**	**-**	**-**	**6 305**

As at 30 June Receivables of R2 641 881 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	252 287	206 066	6 545 797	7 004 151
Less: Provision for Impairment	-	-	4 362 270	4 362 270
Net Balances	**252 287**	**206 066**	**2 183 528**	**2 641 881**

	2014 R	2013 R

As at 30 June 2013

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Assessment Rates:					
Gross Balances	20 339	208 979	155 251	4 697 323	5 081 892
Less: Provision for Impairment	-	-	-	3 347 002	3 347 002
Net Balances	**20 339**	**208 979**	**155 251**	**1 350 321**	**1 734 889**
Payments made in Advance:					
Gross Balances	2 364	-	-	-	2 364
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**2 364**	**-**	**-**	**-**	**2 364**
Accruals:					
Gross Balances	92 743	-	-	-	92 743
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**92 743**	**-**	**-**	**-**	**92 743**
Sundry Deposits:					
Gross Balances	9 300	-	-	-	9 300
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**9 300**	**-**	**-**	**-**	**9 300**
Sundry Debtors:					
Gross Balances	1 239 814	-	-	-	1 239 814
Less: Provision for Impairment	945 399	-	-	-	945 399
Net Balances	**294 416**	**-**	**-**	**-**	**294 416**
Suspense Accounts:					
Gross Balances	10 247	-	-	-	10 247
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**10 247**	**-**	**-**	**-**	**10 247**

As at 30 June Receivables of R1 714 551 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	208 979	155 251	4 697 323	5 061 553
Less: Provision for Impairment	-	-	3 347 002	3 347 002
Net Balances	**208 979**	**155 251**	**1 350 321**	**1 714 551**

	2014 R	2013 R

5.2 Summary of Assessment Rates Debtors by Customer Classification

As at 30 June 2014	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
Current:				
0 - 30 days	(200 782)	(6 883)	(1 493)	13 074
Past Due:				-
31 - 60 Days	89 062	39 817	401	123 006
61 - 90 Days	96 841	36 919	401	71 905
+ 90 Days	2 365 718	937 784	1 225 303	2 016 993
Sub-total	2 350 839	1 007 637	1 224 612	2 224 978
Less: Provision for Impairment	2 091 546	546 861	-	1 723 863
Total Rates Debtors by Customer Classification	**259 293**	**460 775**	**1 224 612**	**501 116**

As at 30 June 2013	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
Current:				
0 - 30 days	7 977	-	-	12 362
Past Due:				
31 - 60 Days	93 806	29 810	379	84 983
61 - 90 Days	66 128	24 939	379	63 806
+ 90 Days	1 734 354	721 030	912 549	1 329 390
Sub-total	1 902 265	775 779	913 307	1 490 541
Less: Provision for Impairment	1 576 278	296 861	-	1 473 863
Total Rates Debtors by Customer Classification	**325 987**	**478 918**	**913 307**	**16 678**

	2014 R	2013 R

5.3 Reconciliation of Provision for Impairment

Balance at beginning of year	4 292 401	2 093 132
Impairment Losses recognised	1 119 479	2 199 440
Impairment Losses reversed	-	-
Amounts written off as uncollectable	(687 910)	(171)
Balance at end of year	**4 723 969**	**4 292 401**

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.

	2014 R	2013 R

6. VAT RECEIVABLE

Vat Receivable	**685 773**	**745 287**

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

7. CASH AND CASH EQUIVALENTS

Current Investments	43 819 210	42 576 003
Bank Accounts	1 851 718	835 704
Cash and Cash Equivalents	3 200	3 200
Total Bank, Cash and Cash Equivalents	**45 674 128**	**43 414 907**

Cash and Cash Equivalents have been restated to correctly classify amounts held for Investments, previously not recognised. Refer to Note 45.4 on "Correction of Error" for details of the restatement.

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

7.1 Current Investment Deposits

Call Deposits	43 808 490	42 565 733
Total Current Investment Deposits	**43 819 210**	**42 576 003**

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 4,30 % to 5,22 % (2012: 4,40% to 5,30%) per annum.

Deposits attributable to Unspent Conditional Grants	17 364 240	20 182 416
Deposits attributable to Creditors	5 913 355	5 696 584
Deposits attributable to Current Provisions	207 681	226 546
Deposits attributable to Rehabilitation of Landfill Site	2 510 362	1 903 801
Deposits attributable to Long-service Awards	1 246 768	1 072 557
Deposits attributable to Retirement Benefits	6 812 053	6 812 132
Deposits attributable to Provision for Impairment	4 999 217	4 504 998
Deposits available for Operations	4 765 533	2 176 968
Total Deposits attributable to Commitments of the Municipality	**43 819 210**	**42 576 003**

	2014 R	2013 R
7.2 Bank Accounts		
Cash in Bank	1 851 718	835 704
Total Bank Accounts	**1 851 718**	**835 704**

The Municipality has the following bank accounts:

Primary Bank Account		
First National Bank - Richmond Branch, Richmond - Account Number 535 6532 2104:		
Cash book balance at beginning of year	835 704	1 017 662
Cash book balance at end of year	1 851 718	835 704
Bank statement balance at beginning of year	835 704	1 017 662
Bank statement balance at end of year	1 851 718	835 704

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

7.3 Cash and Cash Equivalents		
Cash Floats and Advances	3 200	3 200
Total Cash on hand in Cash Floats, Advances and Equivalents	**3 200**	**3 200**

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

8. CURRENT PORTION OF LONG-TERM RECEIVABLES

Umgungundlovu District Municipality	9 768	22 600
Total Current Portion of Long-term Receivables	**9 768**	**22 600**

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2014

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Leased Infra-structure	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2013	**8 146 586**	**9 780 041**	**53 975 046**	**22 502 014**	**8 225 394**	**119 180**	**102 748 260**
Cost	8 146 586	11 867 372	66 125 565	24 364 499	13 933 303	363 953	124 801 277
- *Completed Assets*	*8 146 586*	*11 867 372*	*48 580 647*	*20 961 331*	*13 933 303*	*363 953*	*103 853 190*
- *Under Construction*	-	-	*17 544 918*	*3 403 169*	-	-	*20 948 086*
Correction of error (Note 45)	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	(161 224)	(721 834)	(57 055)	(43 020)	-	(983 133)
Accumulated Depreciation:	-	(1 926 107)	(11 428 685)	(1 805 431)	(5 664 888)	(244 773)	(21 069 884)
- *Cost*	-	*(1 926 107)*	*(11 428 685)*	*(1 805 431)*	*(5 664 888)*	*(244 773)*	*(21 069 884)*
- *Revaluation*	-	-	-	-	-	-	-
Acquisitions	-	-	5 530	-	1 899 487	-	1 905 017
Borrowing Costs Capitalised	-	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	12 052 693	7 179 609	-	-	19 232 302
- *Cost*	-	-	*12 052 693*	*7 179 609*	-	-	*19 232 302*
- *Borrowing Costs Capitalised*	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-
Depreciation:	-	(582 046)	(3 556 299)	(860 129)	(1 222 000)	(136 837)	(6 357 311)
- *Based on Cost*	-	*(582 046)*	*(3 556 299)*	*(860 129)*	*(1 222 000)*	*(136 837)*	*(6 357 311)*
- *Based on Revaluation*	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-	-	-
- *Based on Revaluation*	-	-	-	-	-	-	-
Carrying value of Tranfers to Held-for-Sale:	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-	-	-
- *Based on Revaluation*	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-
Impairment Losses	-	(18 066)	(35 388)	(16 352)	(14 196)	-	(84 000)
Capital under Construction - Completed	-	-	(12 518 994)	(501 517)	-	-	(13 020 510)
Other Movements	-	52 608	12 518 994	439 079	9 830	-	13 020 510
- Cost	-	52 608	12 518 994	439 079	9 830	-	13 020 510
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-	-	-
- *Based on Revaluation*	-	-	-	-	-	-	-
Carrying values at 30 June 2014	**8 146 586**	**9 232 538**	**62 441 582**	**28 742 705**	**8 898 515**	**(17 658)**	**117 444 268**
Cost	8 146 586	11 919 980	78 183 788	31 481 670	15 842 620	363 953	145 938 596
- *Completed Assets*	*8 146 586*	*11 919 980*	*61 105 171*	*21 400 409*	*15 842 620*	*363 953*	*118 778 718*
- *Under Construction*	-	-	*17 078 617*	*10 081 261*	-	-	*27 159 878*
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	(179 289)	(757 222)	(73 406)	(57 216)	-	(1 067 133)
Accumulated Depreciation:	-	(2 508 153)	(14 984 984)	(2 665 559)	(6 886 889)	(381 610)	(27 427 195)
- *Cost*	-	*(2 508 153)*	*(14 984 984)*	*(2 665 559)*	*(6 886 889)*	*(381 610)*	*(27 427 195)*
- *Revaluation*	-	-	-	-	-	-	-

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2013

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Leased Infra-structure	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2012	**8 146 586**	**9 799 293**	**39 869 657**	**20 238 764**	**8 160 964**	**240 414**	**86 455 679**
Cost	8 146 586	11 625 988	50 049 490	21 871 193	12 983 964	363 953	105 041 172
- *Completed Assets*	*8 146 586*	*11 625 988*	*37 647 008*	*13 244 098*	*12 983 964*	*363 953*	*84 011 595*
- *Under Construction*	-	-	*12 402 482*	*8 627 095*	-	-	*21 029 577*
Correction of error (Note 45)	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	(161 224)	(720 740)	(57 055)	(118 980)	-	(1 057 999)
Accumulated Depreciation:	-	(1 665 470)	(9 459 093)	(1 575 374)	(4 704 019)	(123 539)	(17 527 495)
- *Cost*	-	*(1 665 470)*	*(9 459 093)*	*(1 575 374)*	*(4 704 019)*	*(123 539)*	*(17 527 495)*
- *Revaluation*	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	1 821 270	-	1 821 270
Borrowing Costs Capitalised	-	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	15 644 904	3 741 210	-	-	19 386 114
- *Cost*	-	-	*15 644 904*	*3 741 210*	-	-	*19 386 114*
- *Borrowing Costs Capitalised*	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-
Depreciation:	-	(395 000)	(1 984 480)	(482 325)	(1 314 318)	(121 234)	(4 297 357)
- *Based on Cost*	-	*(395 000)*	*(1 984 480)*	*(482 325)*	*(1 314 318)*	*(121 234)*	*(4 297 357)*
- *Based on Revaluation*	-	-	-	-	-	-	-
Carrying value of Disposals:	-	(132 806)	(3 888)	(14 901)	102 059	-	(49 536)
- Cost	-	(267 169)	(25 011)	(267 169)	-	-	(559 349)
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	6 234	-	102 059	-	108 293
- Accumulated Depreciation	-	134 363	14 888	252 268	-	-	401 520
- *Based on Cost*	-	*134 363*	*14 888*	*252 268*	-	-	*401 520*
- *Based on Revaluation*	-	-	-	-	-	-	-
Carrying value of Tranfers to Held-for-Sale:	-	-	-	-	(534 482)	-	(534 482)
- Cost	-	-	-	-	(887 930)	-	(887 930)
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	353 449	-	353 449
- *Based on Cost*	-	-	-	-	*353 449*	-	*353 449*
- *Based on Revaluation*	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-
Impairment Losses	-	-	(7 328)	-	(26 099)	-	(33 427)
Capital under Construction - Completed	-	-	(10 502 469)	(8 965 136)	-	-	(19 467 604)
Other Movements	-	508 553	10 958 650	7 984 402	15 999	-	19 467 604
- Cost	-	508 553	10 958 650	7 984 402	15 999	-	19 467 604
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-	-	-
- *Based on Revaluation*	-	-	-	-	-	-	-
Carrying values at 30 June 2013	**8 146 586**	**9 780 041**	**53 975 046**	**22 502 014**	**8 225 394**	**119 180**	**102 748 260**
Cost	8 146 586	11 867 372	66 125 565	24 364 499	13 933 303	363 953	124 801 277
- *Completed Assets*	*8 146 586*	*11 867 372*	*48 580 647*	*20 961 331*	*13 933 303*	*363 953*	*103 853 190*
- *Under Construction*	-	-	*17 544 918*	*3 403 169*	-	-	*20 948 086*
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	(161 224)	(721 834)	(57 055)	(43 020)	-	(983 133)
Accumulated Depreciation:	-	(1 926 107)	(11 428 685)	(1 805 431)	(5 664 888)	(244 773)	(21 069 884)
- *Cost*	-	*(1 926 107)*	*(11 428 685)*	*(1 805 431)*	*(5 664 888)*	*(244 773)*	*(21 069 884)*
- *Revaluation*	-	-	-	-	-	-	-

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

Other movements of Property, Plant and Equipment are in respect of Work-in-Progress completed and transferred to Cost.

The leased Property, Plant and Equipment is secured as set out in Note 20.

Refer to Appendices "B, C and E (4)" for more detail on Property, Plant and Equipment, including those in the course of construction.

	2014 R	2013 R

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

9.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

9.2 Carrying Amount of Property, Plant and Equipment retired from active use and held for disposal

Land	963 384	963 384
Other	-	582 153
Carrying Amount of PPE retired from active use and held for disposal	**963 384**	**1 545 536**

9.3 Assets pledged as security

The municipality did not pledge any of its assets as security.

9.4 Impairment of Property, Plant and Equipment

Impairment Losses on Property, Plant and Equipment to the amount of R84 000 (2013: R33 427) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 37.

Reversals of Impairment Losses on Property, Plant and Equipment to the amount of R0 (2013: R0) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 37.

The amount disclosed for impairment losses on Property, Plant and Equipment does not include individually material amounts of impairment losses. However, cumulative impairment losses for the following significant account balances are included therein:

Buildings	18 066	-
Infrastructure: Roads	35 388	7 328
Community Assets: Sports Facilities	16 352	-
Other Assets: Computer Equipment	166	1 785
Other Assets: Emergency Equipment	87	5 520
Other Assets: Furniture and Fittings	4 021	3 834
Other Assets: Office Equipment	2 380	6 152
Other Assets: Plant and Equipment	7 542	4 523
Other Assets: Specialised Vehicles	-	4 285
Total Impairment of Property, Plant and Equipment	**84 000**	**33 427**

Impairment losses on Property, Plant and Equipment exist predominantly due to technological obsolescence of information technology equipment. The remainder of impaired items of Property, Plant and Equipment have been physically damaged, stolen or have become redundant and idle.

The recoverable service amount of the relevant assets of Property, Plant and Equipment has been determined on the basis of their fair value less cost to sell. The assets have only been partially impaired as they are still in use.

9.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

There was no change (2012/13: R0) in the estimated useful life of various assets of the municipality for the financial year.

9.6 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

	2014 R	2013 R

10 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**11 518**	**14 323**

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
Carrying values at 01 July 2013	**14 323**	**14 323**
Cost	87 482	87 482
Work-in-Progress	-	-
Accumulated Amortisation	(73 159)	(73 159)
Acquisitions:	2 200	2 200
Purchased	2 200	2 200
Work-in-Progress	-	-
Amortisation:	(5 005)	(5 005)
Purchased	(5 005)	(5 005)
Internally Developed	-	-
Carrying values at 30 June 2014	**11 518**	**11 518**
Cost	89 682	89 682
Work-in-Progress	-	-
Accumulated Amortisation	(78 164)	(78 164)

	Computer Software	Total
Carrying values at 01 July 2012	**23 378**	**23 378**
Cost	87 482	87 482
Work-in-Progress	-	-
Accumulated Amortisation	(64 104)	(64 104)
Acquisitions:	-	-
Purchased	-	-
Work-in-Progress	-	-
Amortisation:	(9 055)	(9 055)
Purchased	(9 055)	(9 055)
Internally Developed	-	-
Carrying values at 30 June 2013	**14 323**	**14 323**
Cost	87 482	87 482
Work-in-Progress	-	-
Accumulated Amortisation	(73 159)	(73 159)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 36).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

	2014 R	2013 R

10.1 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

10.2 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

10.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

11 INVESTMENT PROPERTY

At Cost less Accumulated Depreciation	**4 114 852**	**4 114 852**

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July	**4 114 852**	**4 114 852**
Cost	4 114 852	4 114 852
Accumulated Depreciation	-	-
Acquisitions during the Year	-	-
Depreciation during the Year	-	-
Carrying values at 30 June	**4 114 852**	**4 114 852**
Cost	4 114 852	4 114 852
Accumulated Depreciation	-	-
Estimated Fair Value of Investment Property at 30 June	**7 280 000**	**7 280 000**

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	623 053	390 330

All of the municipality’s Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

11.1 Investment Property carried at Fair Value

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

11.2 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

	2014 R	2013 R
12 HERITAGE ASSETS		
At Cost less Accumulated Impairment Losses	**128 080**	**128 080**

The movement in Heritage Assets is reconciled as follows:

	Cultural Buildings	Municipal Jewellery	Total
Carrying values at 01 July 2013	**57 880**	**70 200**	**128 080**
Cost	57 880	70 200	128 080
Accumulated Impairment	-	-	-
Acquisitions	-	-	-
Impairment Losses Recognised	-	-	-
Carrying values at 30 June 2014	**57 880**	**70 200**	**128 080**
Cost	57 880	70 200	128 080
Accumulated Impairment Losses	-	-	-

	Cultural Buildings	Municipal Jewellery	Total
Carrying values at 01 July 2012	**57 880**	**70 200**	**128 080**
Cost	57 880	70 200	128 080
Accumulated Impairment	-	-	-
Acquisitions	-	-	-
Impairment Losses Recognised	-	-	-
Carrying values at 30 June 2013	**57 880**	**70 200**	**128 080**
Cost	57 880	70 200	128 080
Accumulated Impairment Losses	-	-	-

The municipality has taken advantage of the transitional provisions in Directive 4 from the Accounting Standards Board with the implementation of GRAP 103. The municipality is currently in a process of identifying all Heritage Assets and have it valued in terms of GRAP 103 and it is expected that this process will be completed for inclusion in the 2014/15 Annual Financial Statements. It is possible that certain Heritage Assets are currently being recognised as Property, Plant and Equipment.

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

12.1 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

12.2 Heritage Assets measured after recognition using the Revaluation Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

	2014 R	2013 R

13 NON-CURRENT INVESTMENTS

Unlisted		
Unlisted Shares	266	266
	266	**266**
Total Investments		
All Investments	266	266
Less: Short-term Portion transferred to Current Investments	-	-
Total Non-current Investments	**266**	**266**
Council's valuation of Unlisted Investments		
Unlisted Shares	266	266
	266	**266**

Unlisted Investments comprise the following:

(i) Unlisted Shares are investments in shares of NCT Forestry Co-operative Limited with no specific maturity dates or interest rates.

14 LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Housing	-	-	-
uMgungundlovu District Municipality	9 768	-	9 768
	9 768	0	9 768
Less: Current Portion transferred to Current Receivables:-			9 768
Housing			-
uMgungundlovu District Municipality			9 768
Total Long-term Receivables			**0**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2013			
Housing	1 916 263	1 916 263	-
uMgungundlovu District Municipality	32 368	-	32 368
	1 948 631	1 916 263	32 368
Less: Current Portion transferred to Current Receivables:-			22 600
Housing			-
uMgungundlovu District Municipality			22 600
Total Long-term Receivables			**9 768**

	2014 R	2013 R

HOUSING
The municipality incurred expenditure on Housing Projects on behalf of the Department of Human Settlements. The department has to refund the municipality for the expenditure incurred.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY
The Sanitation and Water Services were taken over by the District Municipality. The Municipality entered into a loan agreement with DBSA for the aumentation of these schemes. The loan was not taken over by the District Municipality, but the instalments are refunded to the Municipality by the District Municipality.

The municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the municipality's financial liabilities.

14.1 Ageing of Long-term Receivables

Current:		
0 - 30 days	-	-
Past Due:		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	9 768	1 948 631
Total	**9 768**	**1 948 631**

As at 30 June Long-term Receivables of R9 768 (2013: R32 368) were past due but not impaired. No terms for payment have been re-negotiated. The age analysis of these Long-term Receivables is as follows:

31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	-
+ 120 Days	9 768	32 368
Total	**9 768**	**32 368**

14.2 Reconciliation of the Provision for Impairment

Balance at beginning of year	1 916 263	-
Impairment Losses recognised	-	1 916 263
Impairment Losses reversed	-	-
Amounts written off as uncollectable	(1 916 263)	-
Amounts recovered	-	-
Balance at end of year	**-**	**1 916 263**

15 PROVISIONS

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 21)	135 456	160 434
Current Portion of Long-term Service Liability (See Note 21)	72 225	66 112
Current Portion of Non-Current Provisions (See Note 22):	-	-
Rehabilitation of Land-fill Sites	-	-
Total Provisions	**207 681**	**226 546**

	2014 R	2013 R

The movement in provisions are reconciled as follows:

Current Portion of Non-Current Provisions:

	Long-term Service R	Post-retirement R
30 June 2014		
Balance at beginning of year	66 112	160 434
Transfer from non-current	72 225	135 456
Expenditure incurred	(66 112)	(160 434)
Balance at end of year	**72 225**	**135 456**

	Long-term Service R	Post-retirement R
30 June 2013		
Balance at beginning of year	20 000	132 545
Transfer from non-current	66 112	160 434
Expenditure incurred	(20 000)	(132 545)
Balance at end of year	**66 112**	**160 434**

16 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Creditors	119 352	1 924 899
Retentions	2 779 330	1 521 593
Other Creditors	3 014 674	2 250 092
Total Payables	**5 913 355**	**5 696 584**

The average credit period on purchases is 30 (2013: 45) days from the receipt of the invoice as determined by the MFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

17 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Payments received in Advance	436 741	449 972
Staff Leave Accrued	1 947 021	1 558 246
Sundry Deposits	18 431	21 927
Suspense Accounts	5 473	0
Total Payables	**2 407 665**	**2 030 144**

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

	2014 R	2013 R

18 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

18.1 Conditional Grants from Government	**17 364 240**	**20 182 416**
National Government Grants	7 368 755	13 190 531
Provincial Government Grants	9 995 486	6 991 885
Total Conditional Grants and Receipts	**17 364 240**	**20 182 416**

The opening balance for *Unspent Conditional Grants and Receipts* have been adjusted. Refer to Note 45.4 on "Correction of Error" for details of the restatement.

Furthermore, the prior year amount for *Unspent Conditional Grants and Receipts* have been adjusted. Refer to Note 45.4 on "Correction of Error" for details of the restatement.

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 28 for the reconciliation of Grants from Government. The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

19 OPERATING LEASE LIABILITIES

Operating Leases are recognised on the straight-line basis as per the requirements of GRAP 13. In respect of Non-cancellable Operating Leases the following liabilities have been recognised:

Balance at beginning of year	259 475	222 087
Operating Lease expenses recorded	44 259	44 259
Operating Lease payments effected	(7 559)	(6 872)
Total Operating Lease Liabilities	**296 176**	**259 475**

19.1 Leasing Arrangements

The Municipality as Lessee:
Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 40 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

19.2 Amounts payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

Land:	1 431 049	1 475 308
Up to 1 year	44 259	44 259
2 to 5 years	177 037	177 037
More than 5 years	1 209 753	1 254 012
Total Operating Lease Arrangements	**1 431 049**	**1 475 308**

	2014 R	2013 R
The following payments have been recognised as an expense in the Statement of Financial Performance:		
Minimum lease payments	7 559	6 872
Total Operating Lease Expenses	**7 559**	**6 872**

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Land

The following restrictions have been imposed on the municipality in terms of the lease agreements on

(i) The land shall remain the property of the lessor.

(ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the land.

(iii) The land shall be returned in good order and condition to the lessor upon termination of the agreement.

20 LONG-TERM LIABILITIES

Annuity Loans	9 768	32 368
Finance Lease Liabilities	11 001	138 766
Sub-total	20 770	171 134
Less: Current Portion transferred to Current Liabilities:-	20 770	150 331
Annuity Loans	9 768	22 600
Finance Lease Liabilities	11 001	127 731
Total Long-term Liabilities (Neither past due, nor impaired)	**0**	**20 803**

20.1 Summary of Arrangements

Annuity Loans are repaid over periods varying from 0 to 1 (2013: 1 to 2) years and at interest rates varying from 8,00% to 10,00% (2013: 8,00% to 10,00%) per annum. The Annuity Loans are not secured.

Finance Lease Liabilities relates to Office Equipment with lease terms of 2 months (2013: 1 year). The effective interest rate on Finance Leases is 9,00% (2013: 9,00%). Capitalised Lease Liabilities are secured over the items of equipment leased.

Refer to Appendix "A" for more detail on Long-term Liabilities.

20.2 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 1 year (2013: 2 years). The effective interest rate on Finance Leases is 9,00% (2013: 9,00%).

The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

	2014 R	2013 R

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2014 R	2013 R	2014 R	2013 R
Amounts payable under finance leases:				
Within one year	17 970	145 734	17 970	145 734
In the second to fifth years, inclusive	-	-	-	-
Over five years	-	-	-	-
	17 970	145 734	17 970	145 734
Less: Future Finance Obligations	6 968	6 968	6 968	6 968
Present Value of Minimum Lease Obligations	**11 001**	**138 766**	**11 001**	**138 766**
Less: Amounts due for settlement within 12 months (Current Portion)			11 001	127 731
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			-	11 035

The municipality has finance lease agreements for the following significant classes of assets:
- Office Equipment

Included in these classes are the following significant leases:

(i) Ericson Switchboard and Photocopiers	R 17 970	R 145 734
- Instalments are payable quarterly in advance		
- Average period outstanding	2 months	12 months
- Average effective interest rate	9.00%	9.00%
- Average quarterly instalment	R 5 210.34	R 5 210.34

21 EMPLOYEE BENEFIT LIABILITIES

Post-retirement Health Care Benefits Liability	6 812 053	6 812 132
Long Service Awards Liability	1 246 768	1 072 557
Total Employee Benefit Liabilities	**8 058 821**	**7 884 689**

The opening balance for *Retirement Benefit Liabilities* has been adjusted. Refer to Note 45.4 on "Correction of Error" for details of the reclassification.

Furthermore, the prior year amount for *Retirement Benefit Liabilities* has been adjusted. Refer to Note 45.4 on "Correction of Error" for details of the restatement.

21.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	6 812 132	5 164 806
Contributions to Provision	135 377	1 807 760
Balance at end of Year	6 947 509	6 972 566
Transfer to Current Provisions	(135 456)	(160 434)
Total Post-retirement Health Care Benefits Liability	**6 812 053**	**6 812 132**

	2014 R	2013 R

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	50	119
In-service Non-members (Employees)	73	-
Continuation Members (Retirees, widowers and orphans)	6	6
Total Members	**129**	**125**

The liability in respect of past service has been estimated as follows:

In-service Members	2 620 250	4 255 070
In-service Non-members	1 950 933	-
Continuation Members	2 376 326	2 717 496
Total Liability	**6 947 509**	**6 972 566**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2014 is estimated to be R665 689, whereas the cost for the ensuing year is estimated to be R677 383 (30 June 2013: R436 078 and R665 689 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.33%	7.25%
Health Care Cost Inflation Rate	8.44%	6.75%
Net Effective Discount Rate	0.82%	0.47%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	6 972 566	5 297 351
Current service costs	665 689	436 078
Interest cost	499 696	436 795
Benefits paid	(160 434)	(132 545)
Actuarial losses / (gains)	(1 030 008)	934 887
Total Recognised Benefit Liability	**6 947 509**	**6 972 566**

	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	6 947 509	6 972 566
Unfunded Accrued Liability	6 947 509	6 972 566
Total Benefit Liability	**6 947 509**	**6 972 566**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	665 689	436 078
Interest cost	499 696	436 795
Actuarial losses / (gains)	(1 030 008)	934 887
Total Post-retirement Benefit included in Employee Related Costs (Note 33)	**135 377**	**1 807 760**

The history of experienced adjustments is as follows:

	2014 R	2013 R	2012 R	2011 R	2010 R
Present Value of Defined Benefit Obligation	6 947 509	6 972 566	5 297 351	4 438 351	3 380 584
Deficit	**6 947 509**	**6 972 566**	**5 297 351**	**4 438 351**	**3 380 584**
Experienced adjustments on Plan Liabilities	(454 357)	(912 495)	-	-	-

	2014 R	2013 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	336 761	336 761
Effect on the defined benefit obligation	1 599 650	1 665 012
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(237 303)	(237 303)
Effect on the defined benefit obligation	(1 226 177)	(1 260 511)

The municipality expects to make a contribution of R1 321 912 (2013: R1 165 385) to the Defined Benefit Plans during the next financial year.

Refer to Note 54, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

21.2 Long Service Awards Liability

Balance at beginning of year	1 072 557	752 361
Contributions to provision	246 436	386 308
Balance at end of Year	1 318 993	1 138 669
Transfer to Current Provisions	(72 225)	(66 112)
Total Long Service Awards Liability	**1 246 768**	**1 072 557**

	2014 R	2013 R

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 123 (2013: 119) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2014 is estimated to be R171 289, whereas the cost for the ensuing year is estimated to be R187 084 (30 June 2013: R116 643 and R171 289 respectively).

	2014 R	2013 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	8.42%	7.25%
Cost Inflation Rate	7.38%	7.15%
Net Effective Discount Rate	0.97%	0.09%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	1 138 669	772 361
Current service costs	171 289	116 643
Interest cost	80 157	62 881
Benefits paid	(66 112)	(20 344)
Actuarial losses / (gains)	(5 010)	207 128
Total Recognised Benefit Liability	**1 318 993**	**1 138 669**
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1 318 993	1 138 669
Unfunded Accrued Liability	1 318 993	1 138 669
Total Benefit Liability	**1 318 993**	**1 138 669**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	171 289	116 643
Interest cost	80 157	62 881
Actuarial losses / (gains)	(5 010)	207 128
Adjustment for Short-term Portion from Previous Year	-	(344)
Total Post-retirement Benefit included in Employee Related Costs (Note 33)	**246 436**	**386 308**

The history of experienced adjustments is as follows:

	2014 R	2013 R	2012 R	2011 R	2010 R
Present Value of Defined Benefit Obligation	1 318 993	1 138 669	772 361	653 361	590 000
Deficit	**1 318 993**	**1 138 669**	**772 361**	**653 361**	**590 000**
Experienced adjustments on Plan Liabilities	126 369	(49 158)	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

	2014 R	2013 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	32 445	32 445
Effect on the defined benefit obligation	131 371	123 170
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(27 695)	(27 695)
Effect on the defined benefit obligation	(115 043)	(108 462)

The municipality expects to make a contribution of R295 169 (2013: R251 446) to the defined benefit plans during the next financial year.

22 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Land-fill Sites	2 510 362	1 903 801
Total Non-current Provisions	**2 510 362**	**1 903 801**

The opening balance for *Non-current Provisions* has been adjusted. Refer to Note 45.4 on "Correction of Error" for details of the restatement.

Furthermore, the prior year amount for *Non-current Provisions* has been adjusted. Refer to Note 45.4 on "Correction of Error" for details of the restatement.

The movement in the Provision for Rehabilitation of Land-fill Sites is reconciled as follows:

Balance at beginning of year	1 903 801	1 737 769
Contributions to provision	606 561	166 032
	2 510 362	1 903 801
Transfer to current provisions	-	-
Balance at end of year	**2 510 362**	**1 903 801**

22.1 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse site, the municipality will incur licensing and rehabilitation costs of R3 300 840 (2013: R2 742 450) to restore the sites at the end of its useful life, estimated to be in 2018. Provision has been made for the net present value of the future cost, using the average cost of borrowing interest rate.

	2014 R	2013 R

23 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Housing Development Fund	247 326	236 499
Accumulated Surplus / (Deficit) due to the results of Operations	137 068 290	117 547 062
Total Accumulated Surplus	**137 315 616**	**117 783 561**

Accumulated Surplus has been restated to correctly classify amounts held by the municipality as indicated below. Refer to Note 45.1 "Correction of Error" for details of the restatements.

Restatement of Property Rates income - Notes 45.2 and 45.4
Restatement of Interest on External Investments income - Notes 45.2 and 45.4
Restatement of Fines income - Notes 45.2 and 45.4
Restatement of Employee Related Cost expenditure - Notes 45.3 and 45.4
Restatement of Impairment Losses expenditure - Notes 45.3 and 45.4

Sections 15(5) and 16 of the Housing Act, (Act No 107 of 1997), which came into operation on 1 April 1998, required that the municipality maintain a separate housing operating account. This legislated separate operating account is known as the **Housing Development Fund**. The fund is cash-backed.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

24 PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2014 R000's	July 2013 R000's		
Agricultural	1 095 835	1 093 726	1 750 486	1 629 349
Commercial	135 455	137 113	1 639 298	1 554 502
Residential	353 583	353 045	1 882 927	1 595 869
Sectional Title	5 732	5 732	31 499	29 716
State	317 932	317 932	3 249 068	3 065 159
Other	199 262	201 819	958 959	667 711
Total Property Rates	**2 107 799**	**2 109 367**	**9 512 236**	**8 542 306**

24.1 Calculation of Cash Flow:

Property Rates Income	9 512 236	8 542 306
Opening Balance of Debtors: Assessment Rates	5 081 892	5 182 008
Closing Balance of Debtors: Assessment Rates	(6 808 066)	(5 081 892)
Amounts written-off as uncollectable	(226)	(171)
Total Receipts for Property Rates	**7 785 836**	**8 642 252**

The prior year amount for *Property Rates* has been adjusted. Refer to Note 45.2 on "Correction of Error" for details of the restatement.

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2012.

Interim valuations are processed annually to take into account changes in individual property values due to alterations and subdivisions.

	2014 R	2013 R

An general rate is applied as follows to property valuations to determine property rates:

Residential Properties: 0,0062759 c/R (2012/13: 0,0059207 c/R)
Business Properties: 0,0125508 c/R (2012/13: 0,0118404 c/R)
Agricultural Properties: 0,0015974 c/R (2012/13: 0,0015070 c/R)

The first R15 000 (2012/13: R15 000) of the valuation of all properties are exempted from the calculation of rates. Furthermore, a rebate of R35 000 (2012/13: R35 000) is allowed on developed property.

Rebates and exemptions are granted to pensioners, non-profitable organisations, sporting bodies, religious bodies, etc in terms of the municipality's Rates Policy.

Rates are levied monthly on property owners and are payable at the end of each month. Property owners can request that the full amount for the year be raised in August in which case the amount has to be paid by 28 February. Interest is levied at a rate determined by council on outstanding rates amounts.

25 FINES

Traffic Fines	136 125	376 840
Other Fines	1 875	2 281
Total Fines	**138 000**	**379 121**

The prior year amount for *Fines* has been adjusted. Refer to Note 45.2 on "Correction of Error" for details of the restatement.

26 LICENCES AND PERMITS

Business Licences	1 553	2 804
Learners Licenses	368 670	389 010
Other Licenses	6 833	9 411
Total Licences and Permits	**377 056**	**401 224**

27 INCOME FROM AGENCY SERVICES

Commission	13 908	10 743
Motor Licences	492 334	447 363
Other Agency Income	9 020	-
Total Income from Agency Services	**515 261**	**458 106**

28 GOVERNMENT GRANTS AND SUBSIDIES

National Equitable Share	31 684 042	27 522 000
Other Subsidies	4 019 845	2 572 032
Operational Grants	35 703 887	30 094 032
Conditional Grants	26 486 335	27 058 427
National: FMG	1 453 210	1 681 133
National: MIG	16 264 181	17 790 083
National: MSIG	890 000	890 178
National: Department Arts and Culture	57 419	85 000
National: Department Human Settlement	1 360 550	4 597 345
National: Department Minerals and Energy	160 969	135 961
Provincial: DPLG&H	6 300 007	1 878 726
Total Government Grants and Subsidies	**62 190 223**	**57 152 459**

	2014 R	2013 R
28.1 Calculation of Cash Flow:		
Government Grants and Subsidies Income	62 190 223	57 152 459
Opening Balance of Unspent Government Grants	(20 182 416)	(21 810 204)
Closing Balance of Unspent Government Grants	17 364 240	20 182 416
Total Receipts for Government Grants and Subsidies	**59 372 047**	**55 524 671**

The prior year amount for *Government Grants and Subsidies* has been reclassified. Refer to Note 45.2 on "Correction of Error" for details of the reclassification.

Operational Grants:

28.2 National: Equitable Share	**31 684 042**	**27 522 000**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R63,43 (2013: R61,25), based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. Indigent residential households receive basic refuse removal and 50 kWh electricity free every month. No funds have been withheld.

Conditional Grants:

28.3 National: FMG Grant

Balance unspent at beginning of year	0	181 133
Current year receipts	1 650 000	1 500 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 453 210)	(1 681 133)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**196 790**	**0**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

28.4 National: MIG Funds

Balance unspent at beginning of year	7 356 999	8 771 082
Current year receipts	16 645 000	16 376 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(725 545)	(85 980)
Conditions met - transferred to Revenue: Capital Expenses	(15 538 636)	(17 704 103)
Other Adjustments/Refunds	(2 412 042)	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**5 325 776**	**7 356 999**

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, sports fields and community halls as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. An amount of R2 412 042 in respect of unspent money from 2011/12 has been withheld.

28.5 National: MSIG Funds

Balance unspent at beginning of year	-	90 178
Current year receipts	890 000	800 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(890 000)	(890 178)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**-**	**-**

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

	2014 R	2013 R
28.6 National: Department Arts and Culture		
Balance unspent at beginning of year	90 000	85 000
Current year receipts	120 000	90 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(57 419)	(85 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**152 581**	**90 000**

This grant was allocated to provide access to modern day technology and information resources; and relevant collections of library materials which meet the needs of the communities. No funds have been withheld.

28.7 National: Department Human Settlement		
Balance unspent at beginning of year	1 656 882	2 252 279
Current year receipts	1 360 540	3 954 455
Interest allocated	36 734	47 494
Conditions met - transferred to Revenue: Operating Expenses	(1 360 550)	(4 597 345)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**1 693 607**	**1 656 882**

This grant was allocated for the funding of various housing projects to assist the indigent communities. No funds have been withheld.

28.8 National: Department Minerals and Energy		
Balance unspent at beginning of year	4 086 650	4 045 012
Current year receipts	-	-
Interest allocated	74 319	177 600
Conditions met - transferred to Revenue: Operating Expenses	(160 969)	(135 961)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(4 000 000)	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**-**	**4 086 650**

Expenses were incurred for the electricification of households in the community. An amount of R4 000 000 in respect of unspent money from 2011/12 has been withheld.

28.9 Provincial: Department Cooperative Government and Trading Affairs (COGTA)		
Balance unspent at beginning of year	6 991 885	6 385 520
Current year receipts	9 000 000	2 157 049
Interest allocated	303 608	328 042
Conditions met - transferred to Revenue: Operating Expenses	(60 233)	(407 755)
Conditions met - transferred to Revenue: Capital Expenses	(6 239 775)	(1 470 971)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**9 995 486**	**6 991 885**

This grant was allocated for the funding of various projects e.g. Retail Market Facility, CBD Stormwater and Street Rehabilitation, Traffic Lights and Drivers' Testing Centre. No funds have been withheld.

28.10 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2014), government grant funding is expected to increase over the forthcoming three financial years.

	2014 R	2013 R
29 SERVICE CHARGES		
Refuse Removal	405 186	299 603
Total Service Charges	**405 186**	**299 603**
29.1 Calculation of Cash Flow:		
Service Charges Income	405 186	299 603
Opening Balance of Debtors: Service Charges	1 436 811	1 239 480
Closing Balance of Debtors: Service Charges	(1 447 019)	(1 436 811)
Amounts written-off as uncollectable	-	(65 124)
Total Receipts for Service Charges	**394 977**	**37 149**

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

30 RENTAL OF FACILITIES AND EQUIPMENT		
Rental Revenue from Amenities	6 000	6 000
Rental Revenue from Buildings	553 515	519 466
Rental Revenue from Halls	48 453	117 694
Rental Revenue from Land	4 536 391	390 330
Rental Revenue from Other Facilities	32 632	-
Total Rental of Facilities and Equipment	**5 176 990**	**1 033 491**

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

31 INTEREST EARNED		
Property Rates:		
Interest / Penalties Raised	824 167	806 897
	824 167	**806 897**
External Investments:		
Bank Account	73 665	39 012
Investments	2 046 880	1 479 162
	2 120 545	**1 518 174**
Outstanding Debtors:		
Outstanding Billing Debtors	132 978	146 399
	132 978	**146 399**
Total Interest Earned	**3 077 689**	**2 471 469**

	2014 R	2013 R
31.1 Calculation of Cash Flow:		
External Interest Income	2 120 545	1 518 174
Opening Balance of Accrued Interest	-	-
Closing Balance of Accrued Interest	-	-
Total Receipts for Interest Received	**2 120 545**	**1 518 174**

The prior year amount for *Interest Earned* has been adjusted. Refer to Note 45.2 on "Correction of Error" for details of the restatement.

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Available-for-Sale Financial Assets	2 120 545	1 518 174
Loans and Receivables	957 144	953 295
	3 077 689	**2 471 469**

32 OTHER REVENUE

Building Plan Fees	22 593	72 353
Cemetery Fees	77 893	63 047
Insurance Claims	10 268	-
Plot Clearing Charges	7 232	-
Pound Fees	12 350	23 400
Prints	9 601	15 371
Refuse Dump Fees	32 094	33 529
Reimbursement of Expenditure	74 183	78 490
SETA Refunds	66 858	67 826
Tender Documents	90 364	84 167
Town Planning Fees	1 254	10 209
Sundry Income	32 414	44 843
Total Other Revenue	**437 105**	**493 234**

32.1 Calculation of Cash Flow:

Income from Other Revenue	Note 32	437 105	493 234
Income from Interest on Outstanding Debtors	Note 31	132 978	146 399
Income from Interest and Penalties on Property Rates	Note 31	824 167	806 897
Income from Rental of Facilities and Equipment	Note 30	5 176 990	1 033 491
Income from Agency Services	Note 27	515 261	458 106
Income from Licences and Permits	Note 26	377 056	401 224
Income from Fines	Note 25	138 000	379 121
Opening Balance of Non-current Assets Held-for-Sale	Note 3	1 545 536	1 113 114
Closing Balance of Non-current Assets Held-for-Sale	Note 3	(963 384)	(1 545 536)
Opening Balance of Debtors: Non-exchange Transactions	Note 5	6 436 359	7 754 839
Opening Balance of Debtors: Assessment Rates	Note 5	(5 081 892)	(5 182 008)
Closing Balance of Debtors: Non-exchange Transactions	Note 5	(8 448 228)	(6 436 359)
Closing Balance of Debtors: Assessment Rates	Note 5	6 808 066	5 081 892
Opening Balance of VAT Receivable	Note 6	745 287	1 136 189
Closing Balance of VAT Receivable	Note 6	(685 773)	(745 287)
Opening Balance of Current Portion of Long-term Receivables	Note 8	22 600	20 768
Closing Balance of Current Portion of Long-term Receivables	Note 8	(9 768)	(22 600)
Assets transferred to Non-current Assets Held-for-Sale	Note 9	-	534 482
Amounts written-off as uncollectable	Note 14	(1 916 263)	-
Total Receipts for Other Revenue		**5 366 415**	**5 427 963**

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 24 to 31, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

	2014 R	2013 R
33 EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	19 595 072	17 309 755
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	3 513 104	3 123 844
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	915 518	878 568
Housing Benefits and Allowances	36 007	32 657
Overtime Payments	222 126	446 886
Defined Benefit Plan Expense:	381 813	2 041 780
Current Service Cost	381 813	2 041 780
Total Employee Related Costs	**24 663 640**	**23 833 489**
33.1 Calculation of Cash Flow:		
Employee Related Costs Expenditure	24 663 640	23 833 489
Opening Balance of Employee Benefit Liabilities	7 884 689	5 917 167
Closing Balance of Employee Benefit Liabilities	(8 058 821)	(7 884 689)
Opening Balance of Provision for Long-term Service	66 112	20 000
Closing Balance of Provision for Long-term Service	(72 225)	(66 112)
Opening Balance of Post-retirement Benefits	160 434	132 545
Closing Balance of Post-retirement Benefits	(135 456)	(160 434)
Total Payments for Employee Related Costs	**24 508 373**	**21 791 966**

The prior year amount for *Employee Related Costs* has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

No advances were made to employees.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager		
Annual Remuneration	493 792	495 217
Car and Other Allowances	405 597	351 534
Company Contributions to UIF, Medical and Pension Funds	31 428	28 899
Total	**930 816**	**875 650**
Remuneration of the Chief Financial Officer		
Annual Remuneration	461 813	337 500
Car and Other Allowances	289 702	190 702
Company Contributions to UIF, Medical and Pension Funds	45 736	34 298
Total	**797 250**	**562 500**
Remuneration of the Strategic Manager: Community Services		
Annual Remuneration	213 997	191 669
Car and Other Allowances	450 327	391 991
Company Contributions to UIF, Medical and Pension Funds	91 624	87 826
Total	**755 948**	**671 486**

The contract for the Strategic Manager: Community Services expired on 31 May 2013. Council has resolved to renew the contract for an additional term.

Remuneration of the Strategic Manager: Corporate Services		
Annual Remuneration	208 260	202 108
Car and Other Allowances	476 727	416 153
Company Contributions to UIF, Medical and Pension Funds	70 960	53 227
Total	**755 948**	**671 487**

The contract for the Strategic Manager: Corporate Services expired on 30 June 2013. Council has resolved to renew the contract for an additional term.

	2014 R	2013 R
Remuneration of the Strategic Manager: Technical Services		
Annual Remuneration	83 417	20 000
Car and Other Allowances	44 607	69 955
Company Contributions to UIF, Medical and Pension Funds	310	8 085
Total	**128 333**	**98 039**

The post was vacant as from 01 August 2012 until 30 April 2014. An Acting Allowance was paid for the period ending April 2013. The new manager was appointed with effect of 2 May 2014.

The following compensation was payable to key management personnel in terms of IAS 19 as at 30 June:

Staff Leave Benefits:-		
Municipal Manager	89 358	77 057
Chief Financial Officer	63 780	42 000
Strategic Manager: Community Services	138 600	110 124
Strategic Manager: Corporate Services	126 280	110 124
Strategic Manager: Technical Services	12 320	-
Total	**430 338**	**339 305**

34 REMUNERATION OF COUNCILLORS

Mayor	618 934	489 003
Deputy Mayor	256 622	205 737
Speaker	283 332	205 737
Executive Committee Members	265 623	192 878
Councillors	1 983 514	1 402 748
Other Allowances (Cellular Phones, Housing, Transport, etc)	342 552	981 062
Total Councillors' Remuneration	**3 750 576**	**3 477 164**

Remuneration of Councillors:

In-kind Benefits

The Councillor occupying the position of Mayor of the municipality serve in a full-time capacity. The Councillors occupying the positions of Mayor, Deputy Mayor and Speaker are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Mayor has use of a Council owned vehicle for official duties.

The Mayor has one full-time bodyguard and a full-time driver. The Deputy Mayor, Speaker and Executive Committee Member have one full-time bodyguard/driver.

35 COLLECTION COSTS

Legal Costs	19 078	27 796
Total Collection Costs	**19 078**	**27 796**

36 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	6 357 311	4 297 357
Amortisation: Intangible Assets	5 005	9 055
Total Depreciation and Amortisation	**6 362 316**	**4 306 412**

	2014 R	2013 R

37 IMPAIRMENT LOSSES

37.1 Impairment Losses on Fixed Assets

Impairment Losses Recognised:	84 000	33 427
Property, Plant and Equipment	84 000	33 427
Intangible Assets	-	-
Impairment Losses Reversed:	-	-
Property, Plant and Equipment	-	-
Intangible Assets	-	-
	84 000	**33 427**

37.2 Impairment Losses on Financial Assets

Impairment Losses Recognised:	1 182 130	4 150 887
Long-term Receivables	-	1 916 263
Receivables from Exchange Transactions	62 651	35 184
Receivables from Non-exchange Transactions	1 119 479	2 199 440
Impairment Losses Reversed:	-	(6 304)
Long-term Receivables	-	-
Receivables from Exchange Transactions	-	(6 304)
Receivables from Non-exchange Transactions	-	-
	1 182 130	**4 144 583**
Total Impairment Losses	**1 266 130**	**4 178 010**

The prior year amount for *Impairment Losses* has been adjusted. Refer to Note 45.3 on "Correction of Error" for details of the restatement.

38 REPAIRS AND MAINTENANCE

Land and Buildings	297 193	189 608
Infrastructure - Road Transport	1 656 980	1 030 173
Infrastructure - Other	4 400	-
Community Assets	-	625
Other Assets	593 416	522 122
Specialised Vehicles	31 446	25 572
Total Repairs and Maintenance	**2 583 435**	**1 768 100**

		2014 R	2013 R
39 FINANCE COSTS			
Landfill Provision		606 561	166 032
Loans and Payables at amortised cost		6 901	18 425
Total Interest Paid on External Borrowings		**613 462**	**184 456**
39.1 Calculation of Cash Flow:			
Finance Cost Expenditure		613 462	184 456
Total Payments for Finance Costs		**613 462**	**184 456**
40 CONTRACTED SERVICES			
Internal Audit		161 280	-
Professional Fees		8 738	10 807
Security Services		3 155 374	2 029 362
Valuation Services		114 000	104 000
Other Contracted Services		2 477 547	789 101
Total Contracted Services		**5 916 939**	**2 933 271**
40.1 Calculation of Cash Flow:			
Expenditure for Contracted Services	Note 40	5 916 939	2 933 271
Expenditure for Repairs and Maintenance	Note 38	2 583 435	1 768 100
Opening Balance of Payables: Exchange Transactions	Note 16	5 696 584	4 120 965
Closing Balance of Payables: Exchange Transactions	Note 16	(5 913 355)	(5 696 584)
Opening Balance of Inventories	Note 2	(26 299)	(175 162)
Closing Balance of Inventories	Note 2	166 619	26 299
Total for Suppliers Paid		**8 423 923**	**2 976 888**
41 GRANTS AND SUBSIDIES PAID			
Community Projects		1 476 408	5 057 510
Free Basic Services		463 595	82 511
Sport Events		47 748	22 732
Tourism		-	1 850
Other Grants and Subsidies Paid		-	22 306
Total Grants and Subsidies		**1 987 752**	**5 186 910**

Community Projects are in respect of community cultural programs, low cost housing and catering & transport cost within the municipality's area of jurisdiction.

Free Basic Services are in respect of assistance to and providing basic service levels to indigent households.

Sport Events are in respect accommodation and travelling expenses of participants for sporting events attended outside the municipal area of jurisdiction.

Tourism Expenses are in respect of assistance to the local tourism organisation.

	2014 R	2013 R
42 GENERAL EXPENSES		
Included in General Expenses are the following:		
Advertising	159 067	352 431
Audit Fees	930 483	719 430
Bank Charges	65 151	63 875
Bursaries	69 321	60 695
Chemicals and Poison	66 193	75 354
Cleaning Material	112 976	113 061
Communication and Public Participation	148 756	187 464
Disaster Expenditure	18 549	17 918
Electricity	986 881	911 650
Entertainment	93 248	46 034
Expenditure incurred from Grants:		
- COGTA	-	310 939
- DME	1 667 561	135 961
- EPWP	1 017 000	61 123
- FMG	1 453 210	1 681 133
- Library	57 419	85 000
- MSIG	888 292	890 178
- Transport	73 957	50 214
Fuel and Oil	1 402 326	1 267 366
Hiring of Equipment	5 028	4 368
IDP Review	88 810	-
Insurance	585 334	574 449
Lease Charges	85 099	125 621
Legal Costs	189 274	510 000
Levies: SALGA	450 000	400 000
Marketing	58 637	30 764
Mayoral Special Programmes	8 000	4 860
Medical Examinations	2 091	650
Performance Evaluation Committee	56 820	41 650
PMU Unit Operating Expenses	720 412	85 980
Postage and Telegrams	60 385	58 439
Printing and Stationery	225 094	207 317
Seminars and Conferences	81 908	100 602
Telephone Cost	462 225	392 189
Tourism Strategy	51 607	-
Training Costs	71 518	51 422
Travelling and Subsistence	556 833	434 486
Uniforms and Protective Clothing	195 392	182 120
Ward Committee Management	353 439	-
Water	78 755	13 947
Other General Expenses	1 174 070	783 483
Total General Expenses	**14 771 118**	**11 032 172**

		2014 R	2013 R
42.1 Calculation of Cash Flow:			
Expenditure for General Expenses	Note 42	14 771 118	11 032 172
Expenditure for Grants and Subsidies Paid	Note 41	1 987 752	5 186 910
Expenditure for Collection Costs	Note 35	19 078	27 796
Opening Balance of Payables: Non-exchange Transactions	Note 17	2 030 144	1 598 219
Closing Balance of Payables: Non-exchange Transactions	Note 17	(2 407 665)	(2 030 144)
Opening Balance of Operating Lease Liabilities	Note 19	259 475	222 087
Opening Balance of Operating Lease Liabilities	Note 19	(296 176)	(259 475)
Opening Balance of Non-current Provisions	Note 22	1 903 801	1 737 769
Closing Balance of Non-current Provisions	Note 22	(2 510 362)	(1 903 801)
Total for Other Payments		**15 757 165**	**15 611 533**

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

No other extra-ordinary expenses were incurred.

43 GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Proceeds on Sale of Assets	(363 247)	(102 059)
Assets Disposed at Carrying Value	-	(49 536)
Total Gains / Losses on Disposal of Capital Assets	**(363 247)**	**(151 596)**

44 CHANGE IN ACCOUNTING POLICY

The municipality adopted the following Accounting Standards for the first time during the financial year 2013/14 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1:

- GRAP 25 Employee Benefits

44.1 GRAP 20 - Related Parties

The municipality opted to develop an Accounting Policy based on GRAP 20, Related Parties.

The municipality has developed Accounting Policies to fully comply with GRAP 20 (*Related Parties*). Previously the municipality used the principles set out in IPSAS 20 to account for related parties. Management has evaluated the requirements of the Standard and it was found that no adjustments need to be made.

44.2 GRAP 25 - Employee Benefits

The Accounting Standard for *Employee Benefits* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2014 in terms of GRAP 25.

The municipality has developed Accounting Policies to fully comply with GRAP 25 (*Employee Benefits*). Previously the municipality used the principles set out in IAS 19 to account for employee benefits. GRAP 25 is applied prospectively and there is no need for restatement of prior year figures as the principles in GRAP 25 and IAS 19 are similar.

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2013 and the Accumulated Surplus of prior years was not affected either.

	2014 R	2013 R

45 CORRECTION OF ERROR

Corrections were made during the previous financial years. Details of the corrections are described below:

45.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

		Accumulated Surplus
Balances published as at 30 June 2012		**103 667 457**
Correction of Error:-		
Restate Cash and Cash Equivalents for investment recognised - Note 45.4	9 839	
Restate Unspent Conditional Grants for interest accrued - Note 45.4	(45 012)	
Reclassify Long-service Retirement Benefits - Note 45.4	(361)	(35 534)
Restated Balances as at 30 June 2012		**103 631 923**
Transactions incurred for the Year 2012/13		14 332 375
Correction of Error:-		
Restate Receivables and Income for Assessment Rates - Notes 45.2 and 45.4	(5 745)	
Restate Cash and Cash Equivalents for investment recognised - Notes 45.2 and 45.4	431	
Restate Unspent Conditional Grants for interest accrued - Notes 45.2 and 45.4	(177 600)	
Restate Receivables from Non-exchange Transaction for fines accrued - Notes 45.2 and 45.4	262 755	
Restate Receivables from Non-exchange Transaction for fines impaired - Notes 45.3 and 45.4	(261 034)	
Restate Retirement Benefits and Expenditure for Health Benefits - Notes 45.3 and 45.4	455	(180 737)
Restated Balances as at 30 June 2013		**117 783 561**

45.2 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2012/13 Revenue	Current Year 2012/13 Revenue	Restated Amount
Property Rates	8 548 051	8 542 306	5 745
Property Rates - Penalties imposed and collection charges	806 897	806 897	-
Fines	116 366	379 121	(262 755)
Licences and Permits	401 224	401 224	-
Income for Agency Services	458 106	458 106	-
Government Grants and Subsidies Received	57 152 459	57 152 459	-
Service Charges	299 603	299 603	-
Rental of Facilities and Equipment	1 033 491	1 033 491	-
Interest Earned - External Investments	1 695 342	1 518 174	177 168
Interest Earned - Outstanding Debtors	146 399	146 399	-
Other Income	493 234	493 234	-
	71 151 172	**71 231 014**	**(79 842)**

	2014 R	2013 R

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

	Property Rates	Fines	Interest: External
Balance previously reported	**8 548 051**	**116 366**	**1 695 342**
Adjustment for Property Rates raised in error	(5 745)		
Adjustment for Court Fines issued recognised		262 755	
Adjustment for Interest earned on Investments			431
Adjustment for Interest accrued for Unspent Grants			(177 600)
Restated Balance now reported	**8 542 306**	**379 121**	**1 518 174**

Property Rates:
The **prior year amounts** for *Property Rates* and Receivables from Non-exchange Transdactions have been restated to correctly disclose the revenue for Property Rates, previously raised in error.

Fines:
The **prior year amounts** for *Fines* and Receivables from Non-exchange Transactions have been restated to correctly disclose the revenue for Traffic Fines in terms of the prescriptions of IGRAP 1, previously not accrued for.

Interest Earned - External Investments:
The prior year amounts for *Interest Earned on External Investments* and Cash and Cash Equivalents have been restated to correctly disclose the revenue for Interest Earned on investments in lieu of Investments not previously recognised.

Furthermore, the prior year amounts for *Interest Earned on External Investments* and Unspent Conditional Grants have been restated to correctly disclose the revenue for Interest Earned on investments in lieu of Unspent Grants, previously credited directly to revenue.

45.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2012/13 Expenditure	Current Year 2012/13 Expenditure	Restated Amount
Employee Related Costs	23 833 944	23 833 489	455
Remuneration of Councillors	3 477 164	3 477 164	-
Collection Costs	27 796	27 796	-
Depreciation and Amortisation	4 306 412	4 306 412	-
Impairment Losses	3 916 976	4 178 010	(261 034)
Repairs and Maintenance	1 768 100	1 768 100	-
Finance Costs	184 456	184 456	-
Contracted Services	2 933 271	2 933 271	-
Grants and Subsidies Paid	5 186 910	5 186 910	-
General Expenses	11 032 172	11 032 172	-
Loss on Disposal of Property, Plant and Equipment	151 596	151 596	-
Surplus / (Deficit) for the Year	14 332 375	14 151 638	180 737
	71 151 172	**71 231 014**	**(79 842)**

	2014 R	2013 R

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Employee Costs	Impairment Losses
Balance previously reported	**23 833 944**	**3 916 976**
Adjustment for Health Care Contributions	(455)	
Adjustment for Court Fines impaired		261 034
Restated Balance now reported	**23 833 489**	**4 178 010**

Employee Related Costs:
The prior year amounts for *Employee Related Costs* and Retirement Benefit Liabilities have been restated to correctly disclose the amount for the Provision for Health Care Benefits of the municipality in terms of the Actuarial Report as at 30 June 2013.

Impairment Losses:
The prior year amounts for *Impairment Losses* and Receivables from Non-exchange Transactions have been restated to correctly disclose the impairment of Receivables for traffic fines in terms of the prescriptions of IGRAP 1, previously not accrued for.

45.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2012/13 Balance	Current Year 2012/13 Balance	Restated Amount
Current Assets			
Inventories	26 299	26 299	-
Non-current Assets Held-for-Sale	1 545 536	1 545 536	-
Receivables from Exchange Transactions	1 224 213	1 224 213	-
Receivables from Non-exchange Transactions	2 147 982	2 143 959	4 024
VAT Receivable	745 287	745 287	-
Cash and Cash Equivalents	43 404 637	43 414 907	(10 270)
Current Portion of Long-term Receivables	22 600	22 600	-
Non-Current Assets			
Property, Plant and Equipment	102 748 260	102 748 260	-
Intangible Assets	14 323	14 323	-
Investment Property	4 114 852	4 114 852	-
Heritage Assets	128 080	128 080	-
Non-current Investments	266	266	-
Long-term Receivables	9 768	9 768	-
Current Liabilities			
Provisions	(226 546)	(226 546)	-
Payables from Exchange Transactions	(5 696 584)	(5 696 584)	-
Payables from Non-exchange Transactions	(2 030 144)	(2 030 144)	-
Unspent Conditional Grants and Receipts	(19 959 805)	(20 182 416)	222 611
Operating Lease Liabilities	(259 475)	(259 475)	-
Current Portion of Long-term Liabilities	(150 331)	(150 331)	-
Non-Current Liabilities			
Long-term Liabilities	(20 803)	(20 803)	-
Retirement Benefit Liabilities	(6 812 587)	(7 884 689)	1 072 102
Non-current Provisions	(2 975 997)	(1 903 801)	(1 072 196)
Net Assets			
Accumulated Surplus / (Deficit)	(117 999 832)	(117 783 561)	(216 271)
	-	**-**	**(0)**

	2014 R	2013 R

Opening balances and prior year amounts of items in the **Statement of Financial Position** have been restated as indicated below:

	Receivables: Non-exchange	Cash & Equivalents
Balances previously published per AFS as at 30 June 2012	**5 661 707**	**37 721 545**
Adjustment for Investment not previously recognised		9 839
Balances now published per AFS as at 30 June 2012	**5 661 707**	**37 731 384**
Transactions incurred for the Year 2012/13	(3 513 725)	5 683 092
Adjustment for Property Rates raised in error	(5 745)	
Adjustment for Court Fines issued recognised	262 755	
Adjustment for Court Fines impaired	(261 034)	
Adjustment for Interest earned on Investments		431
Balances now published per AFS as at 30 June 2013	**2 143 959**	**43 414 907**

	Unspent Grants	Retirement Liabilities	Non-current Provisions
Balances previously published per AFS as at 2013/14 / 2012/13	**(21 765 192)**	**(5 164 351)**	**(2 489 769)**
Adjustment for Interest accrued for Unspent Grants	(45 012)		
Adjustment of Opening Balance for Long-service Allowance		(361)	
Reclassification of Long-service Awards		(752 000)	752 000
Balances now published per AFS as at 2013/14 / 2012/13	**(21 810 204)**	**(5 916 712)**	**(1 737 769)**
Transactions incurred for the Year 2012/13	1 805 387	(1 648 236)	(486 228)
Adjustment for Interest accrued for Unspent Grants	(177 600)		
Reclassification of Long-service Awards		(320 196)	320 196
Adjustment for Health Care Contributions		455	
Balances now published per AFS as at 30 June 2013	**(20 182 416)**	**(7 884 689)**	**(1 903 801)**

Receivables from Non-exchange Transactions:
The **prior year amounts** for *Receivables from Non-exchange Transactions* and Property Rates have been restated to correctly disclose the revenue for Property Rates, previously raised in error.

Furthermore, the **prior year amounts** of *Receivables from Non-exchange Transactions* and Revenue for Fines have been restated to correctly disclose the amount for Receivables for traffic fines in terms of the prescriptions of IGRAP 1, previously not accrued for.

Cash and Cash Equivalents:
The **opening balances** of *Cash and Cash Equivalents* and Accumulated Surplus have been restated to correctly disclose the amount for Investments not previously recognised.

The **prior year amounts** of *Cash and Cash Equivalents* and Interest Earned on External Investments have been restated to correctly disclose the amount for Investments in lieu of interest earned, previously not recognised.

Unspent Conditional Grants and Receipts:
The **opening balances** of *Unspent Conditional Grants and Receipts* and Accumulated Surplus have been restated to correctly disclose the amount for Unspent Grants in lieu of interest accrued, previously credited directly to revenue.

The **prior year amounts** of *Unspent Conditional Grants and Receipts* and Interest Earned on External Investments have been restated to correctly disclose the amount for Unspent Grants in lieu of interest accrued, previously credited directly to revenue.

	2014 R	2013 R

Retirement Benefit Liabilities:
The **opening balances** of *Retirement Benefit Liabilities* and Accumulated Surplus have been restated to correctly disclose the amount for the Provision for Long-service Benefits of the municipality in terms of the Actuarial Report as at 30 June 2012.

Furthermore, the **opening balances** of *Retirement Benefit Liabilities* and Non-current Provisions have been restated to correctly disclose the amount for the Provision for Long-service Benefits of the municipality, previously disclosed as Non-current Provisions.

The **prior year amounts** of *Retirement Benefit Liabilities* and Non-current Provisions have been restated to correctly disclose the amount for the Provision for Long-service Benefits of the municipality, previously disclosed as Non-current Provisions.

Furthermore, the **prior year amounts** of *Retirement Benefit Liabilities* and Employee Related Costs have been restated to correctly disclose the amount for the Provision for Health Care Benefits of the municipality in terms of the Actuarial Report as at 30 June 2013.

Non-current Provisions:
The **opening balances** of *Non-current Provisions* and Retirement Benefit Liabilities have been restated to correctly disclose the amount for the Provision for Long-service Benefits of the municipality, previously disclosed as Non-current Provisions.

The **prior year amounts** for *Non-current Provisions* and Finance Costs have been restated to correctly disclose the interest cost acrrued to the Provision for Rehabilitation of Landfill Sites, previously calculated on incorrect initial amount.

46 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	19 532 055	14 151 638
Adjustment for:		
Depreciation and Amortisation	6 362 316	4 306 412
Impairment Losses on Property, Plant and Equipment	84 000	33 427
Losses / (Gains) on Disposal of Property, Plant and Equipment	363 247	151 596
Property, Plant and Equipment transferred to Assets Held-for-Sale	-	534 482
Contribution to Post-retirement Health Care Benefits	135 377	1 807 760
Expenditure incurred from Post-retirement Health Care Benefits	(160 434)	(132 545)
Contribution to Long Service Awards Liability	246 436	386 308
Expenditure incurred from Long Service Awards Liability	(66 112)	(20 000)
Contribution to Provisions - Non-current	606 561	166 032
Contribution to Impairment Provision	1 182 130	4 144 583
Bad Debts Written-off	(2 604 174)	(65 294)
Operating surplus before working capital changes	**25 681 403**	**25 464 398**
Decrease/(Increase) in Inventories	(140 320)	148 863
Decrease/(Increase) in Non-Current Assets Held-for-Sale	582 153	(432 422)
Decrease/(Increase) in Receivables from Exchange Transactions	(10 208)	(197 330)
Decrease/(Increase) in Receivables from Non-exchange Transactions	(2 011 869)	1 318 479
Decrease/(Increase) in VAT Receivable	59 515	390 901
Decrease/(Increase) in Current Portion of Long-term Receivables	12 832	(1 832)
Increase/(Decrease) in Payables from Exchange Transactions	216 771	1 575 620
Increase/(Decrease) in Payables from Non-exchange Transactions	377 521	431 926
Increase/(Decrease) in Conditional Grants and Receipts	(2 818 176)	(1 627 788)
Increase/(Decrease) in Operating Lease Liabilities	36 701	37 388
Cash generated by / (utilised in) Operations	**21 986 321**	**27 108 203**

47 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2013/14 financial year.

48 FINANCING FACILITIES

The municipality did not have any Financing Facilities available at any time during the two financial years.

	2014 R	2013 R

49 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 20)	20 770	171 134
Used to finance Property, Plant and Equipment - at cost	(20 770)	(171 134)
Sub-total	-	-
Cash set aside for the Repayment of Long-term Liabilities (See Notes 7 and 13)	-	-
Cash invested for Repayment of Long-term Liabilities	**-**	**-**

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.

50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

50.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:		
Opening balance	7 759 473	2 232 729
Unauthorised Expenditure current year	168 231	5 526 743
Approved by Council or condoned	(7 759 473)	-
To be recovered – contingent asset (see Note 57)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Unauthorised Expenditure awaiting authorisation	**168 231**	**7 759 473**

Incident		Disciplinary Steps / Criminal Proceedings
Budgeted votes exceeded:-		*To be condoned by Council*
- Finance and Administration - R0 (2013: R2 878 371)		
- Community and Social Services - R0 (2013: R1 337 233)		
- Housing - R0 (2013: R66 000)		
- Public Safety - R0 (2013: R109 417)		
- Sport and Recreation - R0 (2013: R1 135 723)		
- Waste Management - R93 305 (2013: R0)		
- Roads and Transport - R74 926 (2013: R0)		

50.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	95 061	-
Fruitless and Wasteful Expenditure current year	456	95 061
Condoned or written off by Council	(95 061)	-
To be recovered – contingent asset (see Note 57)	-	-
Transfer to receivables for recovery (see Note 5)	(456)	-
Fruitless and Wasteful Expenditure awaiting condonement	**(0)**	**95 061**

Incident		Disciplinary Steps / Criminal Proceedings
Penalties incurred on Late Payments - R456 (2013: R95 061)		*None*

50.3 Irregular Expenditure

To management's best of knowledge instances of note indicating that Irregular Expenditure was incurred during the year under review were not revealed.

	2014 R	2013 R

51 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

51.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	450 000	400 000
Amount Paid - current year	(450 000)	(400 000)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	**-**	**-**

51.2 Audit Fees

Opening Balance	-	-
Current year Audit Fee	930 483	719 430
Amount Paid - current year	(930 483)	(719 430)
Amount Paid - previous years		-
Balance Unpaid (included in Creditors)	**-**	**-**

51.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

51.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	-
Current year Payroll Deductions	3 811 456	2 993 843
Amount Paid - current year	(3 811 456)	(2 993 843)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	**-**	**-**

51.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	5 276 082	4 524 891
Amount Paid - current year	(5 276 082)	(4 524 891)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	**-**	**-**

51.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

51.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

51.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Council	*Year 2013/14*	*Babcock Equipment*	*Preferred Bidder and non-responsive tenders*	*1 014 600.00*
Procurement for supply and delivery of PadFoot Roller				
Council	*Year 2013/14*	*Emakozeni (3 occasions)*	*Urgency and short notice*	*109 106.00*
3 Occasions during the financial year procuring services for Accommodation, Flight and Car Hire				

	2014 R	2013 R

Department	Date	Successful Tenderer	Reason	Amount
Council	*Year 2013/14*	*Kalamazoo (3 occasions)*	*Urgency and short notice*	*24 600.00*
3 Occasions during the financial year procuring services for Hire of Buses				
Council	*Year 2013/14*	*Phungula S.Z.*	*Urgency and short notice*	*4 200.00*
Procurement for Hire of 2-Pole Tent				
Council	*Year 2013/14*	*Richmond Tyres*	*Urgency and short notice*	*8 561.40*
Procurement for supply and fitting of two tyres for Captiva				
Council	*Year 2013/14*	*Sindane K.G.*	*Urgency and short notice*	*2 200.00*
Procurement for Hire of 4-Pole Tent				
Council	*Year 2013/14*	*Siphosethu Manufacturing*	*Urgency and short notice*	*2 320.00*
Procurement for Hire of 2-Pole Tent				
Municipal Manager	*Year 2013/14*	*Nashua PMB*	*Restriction in terms of lease contract*	*2 050.32*
Procurement for Parts of Aficio MPC				
Municipal Manager	*Year 2013/14*	*Savute*	*Urgency and short notice*	*8 000.00*
Procurement for Catering Services for 100 people				
Budget and Treasury	*Year 2013/14*	*Barloworld*	*Parts only obtainable from agent*	*3 269.37*
Procurement of Bucket Teeth and Lock				
Budget and Treasury	*Year 2013/14*	*Bell Equipment (2 ocassions)*	*Parts only obtainable from agent*	*15 416.54*
2 Occasions during the financial year procuring parts for Bell				
Budget and Treasury	*Year 2013/14*	*Durcharme Consulting*	*Consultants appointed to assist with drafting of 2013 AFS*	*107 161.00*
Procurement of services for Assisting with Audit Queries				
Budget and Treasury	*Year 2013/14*	*Durcharme Consulting*	*Sole supplier of Reporting Tools*	*27 564.00*
Procurement of training services for AFS Reporting Tools				
Budget and Treasury	*Year 2013/14*	*Fujitsu*	*Sole supplier of Abakus Software*	*39 831.70*
Procurement of services for Software Support				
Budget and Treasury	*Year 2013/14*	*PWC*	*Consultants appointed to compile the Asset Register*	*17 784.00*
Procurement of Training Services				
Budget and Treasury	*Year 2013/14*	*Sage VIP (2 ocassions)*	*Sole supplier of VIP Payroll Software*	*23 815.33*
2 Occasions during the financial year procuring training services for Tax Year-end				
Community Services	*Year 2013/14*	*Gudersons Coaches*	*Urgency and short notice*	*4 000.00*
Procurement of hire of Buses for IMBIZO				
Community Services	*Year 2013/14*	*Inkonjane Logistic*	*Urgency and short notice*	*3 750.00*
Procurement for Catering Services for 50 people				

	2014 R	2013 R

Department	Date	Successful Tenderer	Reason	Amount
Community Services	*Year 2013/14*	*K&T Co-ordination*	*Urgency and short notice*	*3 876.00*
Procurement of hire of Portable Toilet				
Corporate Services	*Year 2013/14*	*Digital Voice Processing*	*Sole supplier of Digital Voice Processing System*	*4 078.07*
Procurement of services for accommodation				
Corporate Services	*Year 2013/14*	*Emakozeni*	*Urgency and short notice*	*22 176.00*
Procurement of services for Accommodation, Flight and Car Hire				
Corporate Services	*Year 2013/14*	*Gracan Communication (2 occasions)*	*Sole supplier of Telephone System*	*32 550.71*
2 Occasions during the financial year procuring additional Telephone Points				
Corporate Services	*Year 2013/14*	*Humike-Fine Product*	*Urgency and short notice*	*7 200.00*
Procurement of services for Training of Project Managers				
Corporate Services	*Year 2013/14*	*Khan A*	*Urgency and short notice*	*4 500.00*
Procurement of hire of PA System				
Corporate Services	*Year 2013/14*	*Margate Hotel*	*Urgency and short notice*	*20 805.00*
Procurement of services for Accommodation, Flight and Car Hire				
Corporate Services	*Year 2013/14*	*Mavaneni Catering*	*Urgency and short notice*	*4 200.00*
Procurement for Catering Services				
Corporate Services	*Year 2013/14*	*Mkhize T*	*Urgency and short notice*	*5 000.00*
Procurement for draping of Agricultural Hall				
Corporate Services	*Year 2013/14*	*Netvendor*	*Meter previously procured from the vendor*	*4 632.60*
Procurement for Single Phase 20A Common Base Prepaid Meter Earth Leakage				
Corporate Services	*Year 2013/14*	*Shospec Shoplifting*	*Extension of previous appointment*	*14 304.72*
Procurement of services for supply and fitting of Glass Bricks				
Corporate Services	*Year 2013/14*	*Times Group (4 occasions)*	*Sole supplier for local advertisements*	*3 348.00*
4 Occasions during the financial year procuring Advertising Services				
Corporate Services	*Year 2013/14*	*SCX*	*Sole supplier*	*2 878.70*
Procurement of Title Tape				
Technical Services	*Year 2013/14*	*Alpha Hydraulics*	*Urgency and short notice*	*9 458.01*
Procurement of repairs to Hydraulic Cylinder				
Technical Services	*Year 2013/14*	*Barloworld (2 occasions)*	*Service under warranty to be done by agent only*	*24 649.43*
2 Occasions during the financial year procuring service of Excavator				
Technical Services	*Year 2013/14*	*Bell Equipment*	*Service under warranty to be done by agent only*	*9 096.31*
Procurement of service of TLB				

	2014 R	2013 R

Department	Date	Successful Tenderer	Reason	Amount
Technical Services	*Year 2013/14*	*Business Behind Empowerment*	*Non-responsive tenders from potential suppliers*	*291 813.00*
Procurement of supply and delivery of Tractor				
Technical Services	*Year 2013/14*	*DCB Auto Electrical*	*Required strip & quote basis*	*3 735.78*
Procurement of services for wiring of Toyota Bakkie				
Technical Services	*Year 2013/14*	*Datcentre Motors*	*Service under warranty to be done by agent only*	*2 800.00*
Procurement of warranty service				
Technical Services	*Year 2013/14*	*Key Truck and PMB (4 occasions)*	*Sole agent under warranty conditions*	*22 365.11*
4 Occasions during the financial year procuring services and parts for vehicles under warranty				
Technical Services	*Year 2013/14*	*Key Truck and PMB (9 occasions)*	*Parts only obtainable from agent*	*77 336.84*
9 Occasions during the financial year procuring parts for vehicles				
Technical Services	*Year 2013/14*	*Kinsey Engineering (2 occasions)*	*Required strip & quote basis*	*14 857.64*
2 Occasions during the financial year procuring services for the repair of Water Tanker and Diesel Cart				
Technical Services	*Year 2013/14*	*Komatsu (2 occasions)*	*Parts only obtainable from agent*	*37 856.83*
2 Occasions during the financial year procuring parts for Grader				
Technical Services	*Year 2013/14*	*Masakhane*	*Urgency and short notice*	*4 200.00*
Procurement of 30 flog Spades				
Technical Services	*Year 2013/14*	*Summit Hose*	*Required strip & quote basis*	*2 016.68*
Procurement of repairs to Hydraulic Cylinder				

	2014 R	2013 R

52 COMMITMENTS FOR EXPENDITURE

52.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-	**30 152 075**	**8 885 688**
Infrastructure	27 905 555	7 356 999
Housing	2 246 520	1 528 689
- Approved but Not Yet Contracted for:-	**-**	**-**
Infrastructure	-	-
Housing	-	-
Total Capital Commitments	**30 152 075**	**8 885 688**
This expenditure will be financed from:		
Government Grants	30 152 075	8 885 688
	30 152 075	**8 885 688**

52.2 Lease Commitments

Finance Lease Liabilities and Non-cancellable Operating Lease Commitments are disclosed in Notes 19 and 20.

		2014 R	2013 R

53 FINANCIAL INSTRUMENTS

53.1 Classification

FINANCIAL ASSETS:
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets	Classification		
Non-current Investments			
Unlisted Shares	Amortised cost	266	266
Long-term Receivables			
uMgungundlovu District Municipality	Amortised cost	0	9 768
Receivables from Exchange Transactions			
Refuse	Amortised cost	137 993	82 472
Other Receivables	Amortised cost	1 033 778	1 141 742
Receivables from Non-exchange Transactions			
Assessment Rates Debtors	Amortised cost	2 445 797	1 734 889
Payments made in Advance	Amortised cost	2 598	2 364
Accruals	Amortised cost	85 696	92 743
Sundry Deposits	Amortised cost	9 300	9 300
Sundry Debtors	Amortised cost	1 174 563	294 416
Suspense Accounts	Amortised cost	6 305	10 247
Cash and Cash Equivalents			
Call Deposits	Amortised cost	43 808 490	42 565 733
Bank Balances	Amortised cost	1 851 718	835 704
Cash Floats and Advances	Fair value	3 200	3 200
Current Portion of Long-term Receivables			
uMgungundlovu District Municipality	Amortised cost	9 768	22 600
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Non-current Investments	Unlisted Shares	266	266
Long-term Receivables	uMgungundlovu District Municipality	0	9 768
Receivables from Exchange Transactions	Refuse	137 993	82 472
Receivables from Exchange Transactions	Other Debtors	1 033 778	1 141 742
Receivables from Non-exchange Transactions	Assessment Rates Debtors	2 445 797	1 734 889
Receivables from Non-exchange Transactions	Payments made in Advance	2 598	2 364
Receivables from Non-exchange Transactions	Accruals	85 696	92 743
Receivables from Non-exchange Transactions	Sundry Deposits	9 300	9 300
Receivables from Non-exchange Transactions	Sundry Debtors	1 174 563	294 416
Receivables from Non-exchange Transactions	Suspense Accounts	6 305	10 247
Current Portion of Long-term Receivables	uMgungundlovu District Municipality	9 768	22 600
Cash and Cash Equivalents	Call Deposits	43 808 490	42 565 733
Cash and Cash Equivalents	Bank Balances	1 851 718	835 704
		50 576 992	46 812 513
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	3 200	3 200
		3 200	3 200
Total Financial Assets		**50 580 192**	**46 815 713**

		2014 R	2013 R
FINANCIAL LIABILITIES:			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:			
Financial Liabilities	**Classification**		
Long-term Liabilities			
Annuity Loans	Amortised cost	0	9 768
Finance Lease Liabilities	Amortised cost	-	11 035
Payables from Exchange Transactions			
Trade Creditors	Amortised cost	119 352	1 924 899
Retentions	Amortised cost	2 779 330	1 521 593
Other Creditors	Amortised cost	3 014 674	2 250 092
Payables from Non-exchange Transactions			
Staff Leave Accrued	Amortised cost	1 947 021	1 558 246
Sundry Deposits	Amortised cost	18 431	21 927
Suspense Accounts	Amortised cost	5 473	0
Current Portion of Long-term Liabilities			
Annuity Loans	Amortised cost	9 768	22 600
Finance Lease Liabilities	Amortised cost	11 001	127 731
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Annuity Loans	0	9 768
Long-term Liabilities	Finance Lease Liabilities	-	11 035
Payables from Exchange Transactions	Trade Creditors	119 352	1 924 899
Payables from Exchange Transactions	Retentions	2 779 330	1 521 593
Payables from Exchange Transactions	Other Creditors	3 014 674	2 250 092
Payables from Non-exchange Transactions	Staff Leave Accrued	1 947 021	1 558 246
Payables from Non-exchange Transactions	Sundry Deposits	18 431	21 927
Payables from Non-exchange Transactions	Suspense Accounts	5 473	0
Current Portion of Long-term Liabilities	Annuity Loans	9 768	22 600
Current Portion of Long-term Liabilities	Finance Lease Liabilities	11 001	127 731
		7 905 049	7 447 891
Total Financial Liabilities		**7 905 049**	**7 447 891**

53.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash
The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments
The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables
Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

	2014 R	2013 R

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2014, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2014

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	3 200	-	3 200
Total Financial Assets	-	3 200	-	3 200
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Total Financial Liabilities	-	-	-	-
Total Financial Instruments	-	3 200	-	3 200

	2014 R	2013 R

30 June 2013

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	3 200	-	3 200
Total Financial Assets	-	3 200	-	3 200
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Total Financial Liabilities	-	-	-	-
Total Financial Instruments	-	3 200	-	3 200

53.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 23 and the Statement of Changes in Net Assets.

Gearing Ratio

	2014 R	2013 R
The gearing ratio at the year-end was as follows:		
Debt	20 770	171 134
Cash and Cash Equivalents	(45 674 128)	(43 414 907)
Net Debt	(45 653 358)	(43 243 773)
Equity	137 315 616	117 783 561
Net debt to equity ratio	**-33.25%**	**-36.71%**

Debt is defined as Long-term Liabilities, together with its Short-term Portion.
Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

53.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

	2014	2013
	R	R

53.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 53.8 to the Annual Financial Statements.

53.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 53.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

53.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

53.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

	2014	2013
	R	R

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

The short and long-term financial instruments at year-end with variable interest rates are set out in Note 53.8 below.

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2014 would have increased / decreased by R445 308 (30 June 2013: R405 599). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

53.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates and waste services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling recovery for the non-payment of any of the individual debts, in terms of section 102 of the MSA;

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

	2014 R	2013 R

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the

Counterparty and Location	30 June 2014 Credit Limit R	30 June 2014 Carrying Amount R	30 June 2013 Credit Limit R	30 June 2013 Carrying Amount R
J Hassum	-	152 355	-	100 481
RSA	-	169 423	-	207 091
Estate Late AS Suleman	-	238 933	-	227 685
Sevontein Prison	-	599 427	-	520 645
Magnificent Four Properties	-	864 465	-	973 390

	2014 R	2013 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	266	266
Long-term Receivables	9 768	1 948 631
Receivables from Exchange Transactions	1 447 019	1 436 811
Receivables from Non-exchange Transactions	8 448 228	6 436 359
Bank, Cash and Cash Equivalents	45 674 128	43 414 907
Maximum Credit and Interest Risk Exposure	**55 579 409**	**53 236 975**

	%	%
The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:		
Consumer Debtors:		
- Household	26.87%	27.19%
- Industrial / Commercial	20.01%	22.79%
- National and Provincial Government	13.17%	12.36%
- Other Classes	23.38%	20.46%
Other Debtors:		
- Other not Classified	16.58%	17.20%
Total Credit Risk	**100.00%**	**100.00%**

Bank and Cash Balances		
ABSA Bank Ltd	15 151 977	-
First National Bank	25 820 951	21 523 293
Nedbank	4 687 280	21 878 144
Cash Equivalents	3 200	3 200
Total Bank and Cash Balances	**45 663 408**	**43 404 637**
	(10 720.22)	(10 270.03)

	2014 R	2013 R
Credit quality of Financial Assets:		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
Long-term Receivables		
Group 1	9 768	32 368
Group 2	(0)	-
Total Long-term Receivables	**9 768**	**32 368**
Receivables from Exchange Transactions		
Counterparties without external credit rating:-		
Group 1	63 439	50 347
Group 2	11 125	27 325
	74 563	77 672
Total Receivables from Exchange Transactions	**74 563**	**77 672**
Receivables from Non-exchange Transactions		
Group 1	1 082 378	429 408
Group 2	-	-
Total Receivables from Non-exchange Transactions	**1 082 378**	**429 408**

Credit quality Groupings:

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

53 FINANCIAL INSTRUMENTS (Continued)

53.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 48 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2014								
Non-interest Bearing		0.00%	4 909 264	4 876 630	-	32 368	-	266
Variable Interest Rate Instruments		4.76%	45 660 208	45 660 208	-	-	-	-
			50 580 192	**50 547 558**	**-**	**32 368**	**-**	**266**
30 June 2013								
Non-interest Bearing		0.00%	3 404 006	3 371 372	-	32 368	-	266
Variable Interest Rate Instruments		3.74%	43 401 437	43 401 437	-	-	-	-
			46 815 713	**46 783 079**	**-**	**32 368**	**-**	**266**

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.

53.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

	2014	2013
	R	R

54 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible employees, who belong to different pension schemes.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.
It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R2 271 881 (2013: R1 882 655) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES

Retirement Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2013 by Arthur Els & Associates. The previous statutory actuarial valuation was performed as at 31 March 2012.

The interim actuarial valuation performed as at 31 March 2013 revealed that the fund had a shortfall of R203,8 (31 March 2012: shortfall of R251,5) million, with a funding level of 93,1% (31 March 2012: 90,6%). The contribution rate, including the surcharges below, paid by the members (8,65%) and municipalities (34,22%) is expected to eradicate the shortfall in the fund by 31 March 2020. However, the basic contribution payable is 0,27% less than the required contribution rate.

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges amount to 17,50% of pensionable emoluments, of which 1,65% is payable by members and 15,85% is payable by the local authority.

Recommendations that the basic employer contribution be increased by 4,72% to 18,37% and the surcharge be increased to 17,5% were implemented with effect from 1 August 2012. This position will be monitored on an annual basis. These surcharges are payable for a period of 8 years after date of implementation.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund.

Superannuation Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2013 by Arthur Els & Associates. The previous statutory actuarial valuation was performed as at 31 March 2011.

The interim actuarial valuation performed as at 31 March 2013 revealed that the fund had a shortfall of R158,7 (31 March 2012: shortfall of R270,0) million, with a funding level of 97,9% (31 March 2012: 96,0%). The contribution rate paid by the members (9,25%) and municipalities (21,63%) is 0,83% (31 March 2012: 3,85%) less than the required contribution rate for future service and will be reviewed at the next interim valuation. The deficit in respect of active members is being met by a surcharge of 9,5% (31 March 2012: 7,0%) of pensionable salaries. It is expected that the deficit will be fully funded by 2020.

The total rate of contribution from the employer has been increased to 31,13% (18,00% + 3,63% increase in basic rate + 9,50% surcharge) with effect from 1 August 2012 for a period of 8 years. This surcharge is payable until 31 July 2020. This position will be monitored on an annual basis.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund. It is intended that the Fund merge with the Retirement Fund in the near future.

	2014 R	2013 R

DEFINED CONTRIBUTION SCHEMES

Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2013 by Arthur Els & Associates. The previous statutory actuarial valuation was performed as at 31 March 2012.

The interim actuarial valuation performed as at 31 March 2013 revealed that the market value of the fund was R1 651,4 (31 March 2012: R1 288,3) million, with a funding level of 104,2% (31 March 2012: 102,6%). The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 6,00%, 9,90% or 14,25% plus an additional 3,75% by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in financial sound position as at 31 March 2013.

None of the above mentioned plans are State Plans.

55 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

55.1 Interest of Related Parties

No Related Party Interests have been identified/declared for the two financial years under review.

55.2 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2014				
Councillors	3 228	995	-	-
Municipal Manager and Section 57 Personnel	2 734	497	-	-
Total Services	**5 962**	**1 493**	**-**	**-**
For the Year ended 30 June 2013				
Councillors	3 318	870	-	-
Municipal Manager and Section 57 Personnel	2 814	435	-	-
Total Services	**6 132**	**1 305**	**-**	**-**

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

55.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 14 to the Annual Financial Statements.

55.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 33, 34 and Appendix G, Statement of Remuneration of Managment, to the Annual Financial Statements.

55.5 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

	2014 R	2013 R
56 CONTINGENT LIABILITIES		
56.1 Guarantees:	**12 000**	**12 000**
(i) First National Bank:	12 000	12 000

Council provided letters of suretyship to First National Bank to assist staff members to obtain home loans. These sureties were provided prior to the introduction of the Municipal Finance Management Act. The sureties ensure that the municipality complies with section 164(2) of the Municipal Finance Act. These amounts have been secured against the staff members' pension/provident funds by means of written agreements which are lodged with the Kwa-Zulu Natal Joint Municipal Pension/Provident Fund. Copies are maintained on the staff members' personal files.

57 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

58 IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:

(i) Secondment of Finance Advisor by Provincial Treasury for two years

59 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

60 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2014.

61 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 45).

62 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) On 29 May 2014 the Council adopted the 2014/15 to 2016/17 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A

RICHMOND LOCAL MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

THE MUNICIPALITY HAD NO EXTERNAL LOANS FOR THE TWO FINANCIAL YEARS

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2013	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2014
	R				R	R	R	R
ANNUITY LOANS								
DBSA	124 000	8.00%	12698/101	30/06/2014	9 778	-	9 778	-
DBSA	96 400	8.50%	12699/101	31/12/2014	11 734	-	7 659	4 075
DBSA	60 000	10.00%	12700/101	30/06/2015	10 856	-	5 163	5 693
Total Annuity Loans	**280 400**				**32 368**	**-**	**22 600**	**9 768**
CAPITAL LEASE LIABILITIES								
Gracan	88 020	9.00%		31/05/2014	28 760	-	26 723	2 037
Konica Minolta	96 344	9.00%		31/07/2014	41 815	-	37 770	4 045
Konica Minolta	36 011	9.00%		31/07/2014	15 630	-	14 118	1 512
Konica Minolta	41 798	9.00%		31/07/2014	18 141	-	16 386	1 755
Konica Minolta	40 144	9.00%		31/07/2014	17 424	-	15 738	1 686
Nashua	61 636	9.00%		31/03/2014	16 996	-	16 996	-
Total Capital Lease Liabilities	**363 953**				**138 766**	**-**	**127 731**	**11 035**
TOTAL EXTERNAL LOANS	**644 353**				**171 134**	**-**	**150 331**	**20 803**

APPENDIX A

RICHMOND LOCAL MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

ANNUITY LOANS:

DBSA:

Structured unsecured 40 year loan for sanitation and water infrastructure. Original loan capital of R124 000 is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 40 year loan for sanitation and water infrastructure. Original loan capital of R96 400 is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 40 year loan for sanitation and water infrastructure. Original loan capital of R60 000 is repayable semi-annually in fixed instalments of capital and fixed rate interest.

CAPITALISED LEASE LIABILTIIES

Structured secured finance leases over office equipment; lease repayments over a period of 3 years at fixed interest rates.

APPENDIX B

RICHMOND LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land: Developed	1 580 638	-	-	-	-	1 580 638	-	-	-	-	-	1 580 638	-
Land: Undeveloped	6 565 947	-	-	-	-	6 565 947	-	-	-	-	-	6 565 947	-
	8 146 586	**-**	**-**	**-**	**-**	**8 146 586**	**-**	**-**	**-**	**-**	**-**	**8 146 586**	**-**
Buildings													
Residential:													
Mobile Homes	7 014	-	-	-	-	7 014	5 038	1 128	-	-	6 165	849	-
Residences	210 281	-	-	-	-	210 281	114 027	5 343	-	-	119 371	90 910	-
Non Residential:													
Carports	18 850	-	-	-	-	18 850	1 421	1 935	-	-	3 356	15 494	-
Office Buildings	7 429 451	-	-	8 364	-	7 437 814	1 312 020	374 222	-	-	1 686 242	5 751 573	20 000
Perimeter Protection	3 299 076	-	-	44 245	-	3 343 320	485 663	174 183	-	-	659 847	2 683 473	-
Workshops and Depots	902 701	-	-	-	-	902 701	169 161	43 300	-	-	212 461	690 239	-
	11 867 372	**-**	**-**	**52 608**	**-**	**11 919 980**	**2 087 330**	**600 111**	**-**	**-**	**2 687 442**	**9 232 538**	**20 000**
Infrastructure													
Airports:													
Taxiways	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity:													
Cables	4 880	-	-	-	-	4 880	217	108	-	-	325	4 555	-
High Mast Lights	736 968	-	-	-	-	736 968	671 587	21 008	-	-	692 595	44 373	-
Supply and Reticulation	-	5 530	-	-	-	5 530	-	173	-	-	173	5 357	-
Roads and Transport:													
Bridges, Subways and Culverts	1 454 541	-	-	771 371	-	2 225 912	104 830	22 741	-	-	127 571	2 098 341	-
Bridges - Expansion	587 592	-	-	-	-	587 592	40 219	45 577	-	-	85 796	501 796	-
Pedestrian Footpaths	3 501 150	-	-	74 926	-	3 576 076	235 583	121 273	-	-	356 856	3 219 220	1 000 000
Road Calming Measures	14 179	-	-	-	-	14 179	5 728	496	-	-	6 224	7 955	-
Roads: Asphalt - Basis	11 170 379	-	-	(169 798)	-	11 000 581	3 289 399	259 882	(57 386)	-	3 491 895	7 508 685	-
Roads: Asphalt - Surface	2 227 492	-	-	(27 855)	-	2 199 637	1 446 369	88 882	(15 584)	-	1 519 667	679 970	2 300 000
Roads: Concrete - Basis	3 900 098	-	-	-	-	3 900 098	220 498	91 923	-	-	312 421	3 587 677	-
Roads: Gravel - Surface	14 268 214	-	17 078 617	11 421 157	-	42 767 988	4 633 969	2 222 711	72 971	-	6 929 651	35 838 337	15 232 800
Roads: Paved - Surface	246 272	-	-	-	-	246 272	22	8 203	-	-	8 226	238 046	-
Roads: Crash Barriers	25 952	-	-	-	-	25 952	2	865	-	-	867	25 085	-
Roads: Kerbs and Channels	1 925 763	-	-	21 209	-	1 946 972	171 618	39 936	-	-	211 554	1 735 418	-
Stormwater Coastal Structure	1 069 127	-	-	-	-	1 069 127	70 031	41 598	-	-	111 629	957 499	-
Stormwater Culverts	104 427	-	-	-	-	104 427	7	2 609	-	-	2 616	101 811	-
Stormwater Culverts: Concrete	858 469	-	-	-	-	858 469	112 809	47 382	-	-	160 191	698 278	-
Stormwater Drains: Concrete	1 637 472	-	-	114 734	-	1 752 206	189 215	38 247	-	-	227 462	1 524 744	-
Stormwater Pipes	819 976	-	-	271 921	-	1 091 898	3 042	31 316	-	-	34 359	1 057 539	-
Street Lighting	149 229	-	-	24 526	-	173 755	19 123	5 429	-	-	24 552	149 203	-
Traffic Islands	19 014	-	-	-	-	19 014	4 291	490	-	-	4 782	14 232	-
Traffic Lights	552 510	-	-	-	-	552 510	35 040	37 838	-	-	72 878	479 632	-
Traffic Signs	1 779 029	-	-	16 804	-	1 795 833	333 905	159 603	-	-	493 507	1 302 326	-

APPENDIX B

RICHMOND LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Sanitation:													
Landfill Sites	1 447 882	-	-	-	-	1 447 882	542 956	301 293	-	-	844 249	603 634	-
Water:													
Reservoirs and Tanks	80 032	-	-	-	-	80 032	20 058	2 103	-	-	22 161	57 871	-
	48 580 647	**5 530**	**17 078 617**	**12 518 994**	**-**	**78 183 788**	**12 150 519**	**3 591 687**	**0**	**-**	**15 742 206**	**62 441 582**	**18 532 800**
Community Assets													
Recreational Facilities:													
Museums and Art Galleries	25 370	-	-	-	-	25 370	8 528	935	-	-	9 463	15 907	-
Sports Facilities:													
Sport and Recreational Facilities	4 427 886	-	-	280 974	-	4 708 860	412 885	195 217	-	-	608 102	4 100 758	2 000 000
Other Facilities:													
Ablutions/Public Conveniences	391 164	-	-	-	-	391 164	123 146	14 079	-	-	137 225	253 939	-
Cemeteries	4 608	-	-	-	-	4 608	3 511	61	-	-	3 572	1 036	109 000
Community Centres	15 207 190	-	10 081 261	158 104	-	25 446 555	1 133 795	628 500	-	-	1 762 295	23 684 259	75 000
Driver and Vehicle Testing Centres	-	-	-	-	-	-	-	-	-	-	-	-	9 348 000
Fire Stations	37 367	-	-	-	-	37 367	17 542	1 245	-	-	18 787	18 580	-
Libraries	369 373	-	-	-	-	369 373	99 534	12 304	-	-	111 838	257 535	-
Public Parking	498 373	-	-	-	-	498 373	63 545	24 138	-	-	87 683	410 690	-
Taxi Ranks	-	-	-	-	-	-	-	-	-	-	-	-	-
	20 961 331	**-**	**10 081 261**	**439 079**	**-**	**31 481 670**	**1 862 485**	**876 480**	**-**	**-**	**2 738 965**	**28 742 705**	**11 532 000**
Leased Assets													
Office Equipment	363 953	-	-	-	-	363 953	244 773	136 837	-	-	381 610	(17 658)	-
	363 953	**-**	**-**	**-**	**-**	**363 953**	**244 773**	**136 837**	**-**	**-**	**381 610**	**(17 658)**	**-**
Other Assets													
Bins and Containers:													
Collection Containers / Bins	37 404	-	-	-	-	37 404	21 819	2 440	-	-	24 258	13 146	320 000
Computer Equipment:													
Computer Hardware	1 536 900	153 549	-	-	-	1 690 449	967 760	173 559	-	-	1 141 319	549 130	93 000
Computer Networks	35 614	-	-	-	-	35 614	8 162	4 326	-	-	12 488	23 126	-
Emergency Equipment:													
Emergency / Rescue Equipment	33 408	-	-	-	-	33 408	11 367	2 907	-	-	14 274	19 134	-
Medical and Allied Equipment	82 867	-	-	-	-	82 867	53 166	5 602	-	-	58 768	24 099	-
Furniture and Fittings:													
Kitchen Appliances	48 455	8 065	-	-	-	56 519	20 524	5 462	-	-	25 986	30 534	-
Linen and Soft Furnishing	14 646	-	-	-	-	14 646	10 442	771	-	-	11 213	3 433	-
Other Furniture	1 186 563	71 359	-	-	-	1 257 922	737 667	106 691	-	-	844 358	413 564	123 000

APPENDIX B

RICHMOND LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Motor Vehicles:													
Cycles	550	-	-	-	-	550	450	2	-	-	452	98	-
Motor Cars	2 989 046	225 874	-	-	-	3 214 919	905 518	303 111	-	-	1 208 628	2 006 291	229 000
Trailers	194 095	-	-	-	-	194 095	46 607	15 011	-	-	61 618	132 477	-
Trucks and Bakkies	1 535 246	-	-	-	-	1 535 246	548 162	134 511	-	-	682 673	852 573	256 000
Office Equipment:													
Air Conditioners	382 706	37 360	-	-	-	420 066	290 657	31 004	-	-	321 662	98 404	50 000
Audiovisual Equipment	209 365	3 500	-	-	-	212 865	85 255	19 319	-	-	104 574	108 291	-
Other Office Equipment	377 036	20 138	-	-	-	397 175	193 740	44 986	-	-	238 726	158 448	121 000
Plant and Equipment:													
Electric Wire and Power Tools	23 235	9 831	-	-	-	33 066	14 139	3 112	-	-	17 251	15 815	-
Farm / Agricultural Equipment	214 127	255 976	-	-	-	470 103	51 416	18 747	-	-	70 163	399 940	25 000
Gardening Equipment	328 332	126 807	-	-	-	455 139	217 866	55 424	-	-	273 289	181 850	132 000
Metallurgy Equipment	4 147	-	-	-	-	4 147	3 046	243	-	-	3 288	859	-
Pumps and Plumbing Equipment	18 097	-	-	9 830	-	27 927	1 631	2 265	-	-	3 896	24 030	-
Radio Equipment	29 241	-	-	-	-	29 241	27 089	542	-	-	27 631	1 611	-
Security Equipment	9 578	-	-	-	-	9 578	9 042	178	-	-	9 220	357	-
Security Systems	481 594	94 290	-	-	-	575 884	413 329	20 524	-	-	433 853	142 031	-
Speed Control Devices	46 948	-	-	-	-	46 948	12 918	4 206	-	-	17 124	29 824	-
Survey Equipment	1 141	985	-	-	-	2 126	490	142	-	-	632	1 494	-
Telecommunication Equipment	15 032	-	-	-	-	15 032	4 677	2 533	-	-	7 211	7 821	-
Tents, Flags and Accessories	16 490	-	-	-	-	16 490	14 115	791	-	-	14 905	1 585	-
Woodworking Machinery/Equipme	1 263	-	-	-	-	1 263	744	305	-	-	1 050	213	-
Workshop Equipment	80 406	1 754	-	-	-	82 160	50 192	8 313	-	-	58 505	23 655	-
Workshop Tools	11 282	-	-	-	-	11 282	4 198	991	-	-	5 189	6 092	-
Specialised Vehicles:													
Refuse Collection Vehicles	488 549	-	-	-	-	488 549	123 324	45 143	-	-	168 467	320 082	1 092 000
Road Construction Machinery	3 499 940	890 000	-	-	-	4 389 940	858 398	223 034	-	-	1 081 432	3 308 508	890 000
	13 933 303	**1 899 487**	**-**	**9 830**	**-**	**15 842 620**	**5 707 909**	**1 236 196**	**-**	**-**	**6 944 105**	**8 898 515**	**3 331 000**
Total	**103 853 190**	**1 905 017**	**27 159 878**	**13 020 510**	**-**	**145 938 596**	**22 053 017**	**6 441 311**	**0**	**-**	**28 494 328**	**117 444 268**	**33 415 800**
						0.00					0.00	0.00	

APPENDIX B

RICHMOND LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R

RICHMOND LOCAL MUNICIPALITY

ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Investment Properties													
Afforestation	4 114 852	-	-	-	-	4 114 852	-	-	-	-	-	4 114 852	-
	4 114 852	**-**	**-**	**-**	**-**	**4 114 852**	**-**	**-**	**-**	**-**	**-**	**4 114 852**	**-**
						0.00							

RICHMOND LOCAL MUNICIPALITY

ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2014
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets													
Computer Software	87 482	2 200	-	-	-	89 682	73 159	5 005	-	-	78 164	11 518	-
	87 482	**2 200**	**-**	**-**	**-**	**89 682**	**73 159**	**5 005**	**-**	**-**	**78 164**	**11 518**	**-**
						0.00							

RICHMOND LOCAL MUNICIPALITY

ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 41091
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Heritage Assets													
Culturally Significant Buildings	57 880	-	-	-	-	57 880	-	-	-	-	-	57 880	-
Municipal Jewelry	70 200	-	-	-	-	70 200	-	-	-	-	-	70 200	-
	128 080	**-**	**-**	**-**	**-**	**128 080**	**-**	**-**	**-**	**-**	**-**	**128 080**	**-**
						0.00							
Total Asset Register	**108 183 605**	**1 907 217**	**27 159 878**	**13 020 510**	**-**	**150 271 210**	**22 126 176**	**6 446 316**	**0**	**-**	**28 572 492**	**121 698 719**	**33 415 800**

APPENDIX C

RICHMOND LOCAL MUNICIPALITY

SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	652 800	45 488	-	260 188	-	958 476	402 110	105 710	11 253	-	519 073	439 403
Finance and Administration	2 334 492	184 808	-	(172 332)	-	2 346 969	1 011 293	296 732	46 426	-	1 354 452	992 517
Planning and Development	13 952 960	1 341 845	-	31 636	-	15 326 440	3 395 096	895 574	31 864	-	4 322 534	11 003 906
Community and Social Services	42 235 043	335 076	10 081 261	496 831	-	53 148 211	4 338 422	1 442 133	24 483	-	5 805 039	47 343 172
Housing	99 693	-	-	(99 693)	-	-	26 864	-	(26 864)	-	-	-
Public Safety	1 361 750	-	-	(4 385)	-	1 357 366	780 946	104 144	(75 399)	-	809 692	547 674
Waste Management	1 485 287	-	-	23 708	-	1 508 995	564 775	311 506	359	-	876 640	632 355
Roads and Transport	45 981 047	-	17 078 617	12 565 091	-	75 624 755	11 586 136	3 290 517	8 410	-	14 885 063	60 739 693
Water	80 532	-	-	(80 532)	-	-	20 534	-	(20 534)	-	-	-
Total	**108 183 605**	**1 907 217**	**27 159 878**	**13 020 510**	**-**	**150 271 210**	**22 126 176**	**6 446 316**	**(0)**	**-**	**28 572 492**	**121 698 719**

APPENDIX D

RICHMOND LOCAL MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)	Description	2014 Actual Income	2014 Actual Expenditure	2014 Surplus/ (Deficit)
R	R	R		R	R	R
1 744 000	6 413 670	(4 669 670)	Executive and Council	2 197 000	7 537 311	(5 340 311)
40 896 883	15 294 934	25 601 949	Finance and Administration	45 638 243	14 473 027	31 165 216
19 868 260	5 149 236	14 719 024	Planning and Development	23 750 390	8 446 553	15 303 836
1 635 179	9 274 900	(7 639 721)	Community and Social Services	2 005 652	9 263 773	(7 258 121)
5 019 212	5 019 212	-	Housing	1 360 540	1 360 540	0
848 875	4 341 091	(3 492 217)	Public Safety	597 935	4 528 008	(3 930 072)
398 225	3 380 919	(2 982 694)	Sport and Recreation	4 551 518	4 563 889	(12 371)
372 587	2 214 109	(1 841 522)	Waste Management	1 208 931	3 092 588	(1 883 656)
447 363	5 991 305	(5 543 942)	Roads and Transport	492 334	9 031 025	(8 538 691)
71 230 583	**57 079 376**	**14 151 207**	Sub-Total	**81 802 544**	**62 296 713**	**19 505 831**
			Revenue Foregone			
71 230 583	**57 079 376**	**14 151 207**	**Total**	**81 802 544**	**62 296 713**	**19 505 831**

APPENDIX E(1)
RICHMOND LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14											2012/13			
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE - STANDARD															
Governance and Administration:															
Executive and Council	2 197 000	-	2 197 000	-	-	2 197 000	2 197 000	-	-	100.00	100.00				1 744 000
Budget and Treasury Office	42 515 180	-	42 515 180	-	1 346 100	43 861 280	44 681 835	-	820 555	101.87	105.10				40 827 088
Corporate Services	1 529 143	-	1 529 143	-	(11 000)	1 518 143	1 526 796	-	8 653	100.57	99.85				694 223
Community and Public Safety:															
Community and Social Services	1 557 115	-	1 557 115	-	66 493	1 623 608	1 435 714	-	(187 894)	88.43	92.20				1 011 183
Sport and Recreation	408 000	-	408 000	-	5 301 235	5 709 235	4 551 518	-	(1 157 717)	79.72	1 115.57				398 225
Public Safety	272 000	-	272 000	-	(164 900)	107 100	229 265	-	122 165	214.07	84.29				459 865
Housing	-	-	-	-	1 360 540	1 360 540	1 360 540	-	-	100.00	0.00				5 019 212
Economic and Environmental Services:															
Planning and Develiopment	17 688 000	-	17 688 000	-	15 684 966	33 372 966	23 777 143	-	(9 595 823)	71.25	134.43				19 868 260
Road Transport	720 000	-	720 000	-	70 000	790 000	861 004	-	71 004	108.99	119.58				836 373
Trading Services:															
Waste Management	1 264 820	-	1 264 820	-	(54 000)	1 210 820	1 208 931	-	(1 889)	99.84	95.58				372 587
Total Revenue - Standard	68 151 258	-	68 151 258	-	23 599 434	91 750 692	81 829 747	-	(9 920 945)	89.19	120.07	-	-	-	71 231 014
EXPENDITURE - STANDARD															
Governance and Administration:															
Executive and Council	8 155 611	-	8 155 611	-	134 908	8 290 519	7 537 311	-	(753 208)	90.91	92.42				6 413 670
Budget and Treasury Office	7 831 340	-	7 831 340	-	1 588 805	9 420 145	8 810 415	-	(609 730)	93.53	112.50				10 625 256
Corporate Services	9 557 097	-	9 557 097	-	257 161	9 814 258	8 973 655	-	(840 603)	91.43	93.90				6 907 881
Community and Public Safety:															
Community and Social Services	7 926 674	-	7 926 674	-	94 346	8 021 020	7 547 757	-	(473 263)	94.10	95.22				8 152 958
Sport and Recreation	1 418 230	-	1 418 230	-	4 746 936	6 165 166	4 563 889	-	(1 601 277)	74.03	321.80				3 405 119
Public Safety	2 268 810	-	2 268 810	-	(54 000)	2 214 810	2 147 584	-	(67 226)	96.96	94.66				2 460 723
Housing	-	-	-	-	1 360 540	1 360 540	1 360 540	-	(0)	100.00	0.00				5 019 212
Economic and Environmental Services:															
Planning and Develiopment	7 757 880	-	7 757 880	-	3 221 854	10 979 734	8 446 762	-	(2 532 972)	76.93	108.88				5 149 236
Road Transport	9 569 860	-	9 569 860	-	185 454	9 755 314	9 817 192	-	61 878	100.63	102.58				6 731 212
Trading Services:															
Waste Management	3 089 193	-	3 089 193	-	(89 910)	2 999 283	3 092 588	-	93 305	103.11	100.11				2 214 109
Total Expenditure - Standard	57 574 695	-	57 574 695	-	11 446 094	69 020 789	62 297 692	-	(6 723 097)	90.26	108.20	-	-	-	57 079 376
Surplus/(Deficit) for the year	**10 576 563**	**-**	**10 576 563**	**-**	**12 153 340**	**22 729 903**	**19 532 055**	**-**	**(3 197 848)**	**85.93**	**184.67**	**-**	**-**	**-**	**14 151 638**

APPENDIX E (2)
RICHMOND LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14											2012/13			
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE BY VOTE															
Vote 1 - Executive and Council	2 197 000	-	2 197 000	-	-	2 197 000	2 197 000	-	-	100.00	100.00				1 744 000
Vote 2 - Finance and Administration	43 455 180	-	43 455 180	-	1 346 100	44 801 280	45 638 693	-	837 413	101.87	105.02				40 897 314
Vote 3 - Community and Social Services	2 146 258	-	2 146 258	-	1 416 034	3 562 292	3 366 192	-	(196 099)	94.50	156.84				6 654 391
Vote 4 - Planning and Development	17 688 000	-	17 688 000	-	15 684 966	33 372 966	23 777 143	-	(9 595 823)	71.25	134.43				19 868 260
Vote 5 - Public Safety	592 000	-	592 000	-	(164 900)	427 100	597 935	-	170 835	140.00	101.00				848 875
Vote 6 - Road Transport	400 000	-	400 000	-	70 000	470 000	492 334	-	22 334	104.75	123.08				447 363
Vote 7 - Sport and Recreation	408 000	-	408 000	-	5 301 235	5 709 235	4 551 518	-	(1 157 717)	79.72	1 115.57				398 225
Vote 8 - Waste Management	1 264 820	-	1 264 820	-	(54 000)	1 210 820	1 208 931	-	(1 889)	99.84	95.58				372 587
Total Revenue by Vote	68 151 258	-	68 151 258	-	23 599 434	91 750 692	81 829 747	-	(9 920 945)	89.19	120.07	-	-	-	71 231 014
EXPENDITURE BY VOTE															
Vote 1 - Executive and Council	8 155 611	-	8 155 611	-	134 908	8 290 519	7 537 311	-	(753 208)	90.91	92.42				6 413 670
Vote 2 - Finance and Administration	14 453 640	-	14 453 640	-	1 430 805	15 884 445	14 473 797	-	(1 410 648)	91.12	100.14				15 294 934
Vote 3 - Community and Social Services	9 548 751	-	9 548 751	-	1 587 407	11 136 158	10 624 313	-	(511 845)	95.40	111.26				14 294 112
Vote 4 - Planning and Development	7 757 880	-	7 757 880	-	3 221 854	10 979 734	8 446 762	-	(2 532 972)	76.93	108.88				5 149 236
Vote 5 - Public Safety	4 310 645	-	4 310 645	-	313 240	4 623 885	4 528 008	-	(95 877)	97.93	105.04				4 341 091
Vote 6 - Road Transport	8 862 745	-	8 862 745	-	93 354	8 956 099	9 031 025	-	74 926	100.84	101.90				5 991 305
Vote 7 - Sport and Recreation	1 396 230	-	1 396 230	-	4 754 436	6 150 666	4 563 889	-	(1 586 777)	74.20	326.87				3 380 919
Vote 8 - Waste Management	3 089 193	-	3 089 193	-	(89 910)	2 999 283	3 092 588	-	93 305	103.11	100.11				2 214 109
Total Expenditure by Vote	57 574 695	-	57 574 695	-	11 446 094	69 020 789	62 297 692	-	(6 723 097)	90.26	108.20	-	-	-	57 079 376
Surplus/(Deficit) for the year	**10 576 563**	**-**	**10 576 563**	**-**	**12 153 340**	**22 729 903**	**19 532 055**	**-**	**(3 197 848)**	**85.93**	**184.67**	**-**	**-**	**-**	**14 151 638**

APPENDIX E (3)
RICHMOND LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14											2012/13			
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Revenue by Source															
Property Rates	8 200 000	-	8 200 000	-	1 000 000	9 200 000	9 512 236	-	312 236	103.39	116.00	-	-	-	8 542 306
Property Rates - Penalties & Collection Charges	400 000	-	400 000	-	80 000	480 000	824 167	-	344 167	171.70	206.04	-	-	-	806 897
Service Charges - Refuse	488 820	-	488 820	-	(70 000)	418 820	405 186	-	(13 634)	96.74	82.89	-	-	-	299 603
Rental of Facilities and Equipment	1 089 768	-	1 089 768	-	5 289 235	6 379 003	5 176 990	-	(1 202 013)	81.16	475.05	-	-	-	1 033 491
Interest Earned - External Investments	1 700 000	-	1 700 000	-	150 000	1 850 000	2 120 545	-	270 545	114.62	124.74	-	-	-	1 518 174
Interest Earned - Outstanding Debtors	70 180	-	70 180	-	56 000	126 180	132 978	-	6 798	105.39	189.48	-	-	-	146 399
Fines	252 500	-	252 500	-	(200 000)	52 500	138 000	-	85 500	262.86	54.65	-	-	-	379 121
Licences and Permits	336 000	-	336 000	-	100	336 100	377 056	-	40 956	112.19	112.22	-	-	-	401 224
Agency Services	408 500	-	408 500	-	80 000	488 500	515 261	-	26 761	105.48	126.13	-	-	-	458 106
Transfers Recognised - Operational	(180 635 151)	(196 706 574)	(377 341 725)	-	17 176 999	(360 164 726)	40 411 812	-	400 576 538	0.00	0.00	-	-	-	57 152 459
Other Revenue	345 490	-	345 490	-	37 100	382 590	437 105	-	54 515	114.25	126.52	-	-	-	493 234
Gains on Disposal of PPE	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Total Revenue (excluding Capital Transfers & Contrib	(167 343 893)	(196 706 574)	(364 050 467)	-	23 599 434	(340 451 033)	60 051 337	-	400 502 369	0.00	0.00	-	-	-	71 231 014
Expenditure															
Employee Related Costs	26 938 298	-	26 938 298	-	(91 257)	26 847 041	24 663 640	-	(2 183 401)	91.87	91.56	-	-	-	23 833 489
Remuneration of Councillors	3 908 226	-	3 908 226	-	35 263	3 943 489	3 750 576	-	(192 913)	95.11	95.97	-	-	-	3 477 164
Debt Impairment	-	-	-	-	550 000	550 000	1 182 130	632 130	632 130	214.93	0.00	-	-	-	4 144 583
Depreciation and Asset Impairment	5 583 778	-	5 583 778	-	48 500	5 632 278	6 446 316	814 038	814 038	114.45	115.45	-	-	-	4 339 840
Finance Charges	1 300	-	1 300	-	191 000	192 300	613 462	421 162	421 162	319.01	47 189.36	-	-	-	184 456
Bulk Purchases	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Other Materials	3 524 070	-	3 524 070	-	(385 618)	3 138 452	2 583 435	-	(555 018)	82.32	73.31	-	-	-	1 768 100
Contracted Services	3 256 740	-	3 256 740	-	4 219 687	7 476 427	5 916 939	-	(1 559 488)	79.14	181.68	-	-	-	2 933 271
Transfers and Grants	725 000	-	725 000	-	1 365 062	2 090 062	1 987 752	-	(102 311)	95.10	274.17	-	-	-	5 186 910
Other Expenditure	13 637 283	-	13 637 283	-	5 148 457	18 785 740	14 790 195	-	(3 995 545)	78.73	108.45	-	-	-	11 059 968
Loss on Disposal of PPE	-	-	-	-	365 000	365 000	363 247	-	(1 753)	99.52	0.00	-	-	-	151 596
Total Expenditure	57 574 695	-	57 574 695	-	11 446 094	69 020 789	62 297 692	1 867 330	(6 723 097)	90.26	108.20	-	-	-	57 079 376
Surplus/(Deficit)	(224 918 588)	(196 706 574)	(421 625 162)	-	12 153 340	(409 471 822)	(2 246 355)	(1 867 330)	407 225 467	0.00	0.00	-	-	-	14 151 638
Transfers Recognised - Capital	235 495 151	196 706 574	432 201 725	-	-	432 201 725	21 778 411	-	(410 423 314)	5.04	9.25	-	-	-	-
Surplus/(Deficit) for the Year	**10 576 563**	**-**	**10 576 563**	**-**	**12 153 340**	**22 729 903**	**19 532 055**	**(1 867 330)**	**(3 197 848)**	**85.93**	**184.67**	**-**	**-**	**-**	**14 151 638**

APPENDIX E(4)
RICHMOND LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14											2012/13			
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE - VOTE															
Multi-year Expenditure															
Total Capital Expenditure - Multi-year	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Single-year Expenditure															
Vote 1 - Executive and Council	48 000	25 000	73 000	-	-	73 000	45 488	-	(27 512)	62.31	94.77	-	-	-	-
Vote 2 - Finance and Administration	101 000	(1 000)	100 000	-	-	100 000	184 808	-	84 808	184.81	182.98	-	-	-	-
Vote 3 - Community and Social Services	1 869 000	(1 474 000)	395 000	-	-	395 000	7 514 685	-	7 119 685	1 902.45	402.07	-	-	-	-
Vote 4 - Planning and Development	58 000	15 000	73 000	-	-	73 000	1 341 845	-	1 268 845	1 838.14	2 313.53	-	-	-	-
Vote 5 - Public Safety	138 000	9 358 000	9 496 000	-	-	9 496 000	-	-	(9 496 000)	0.00	0.00	-	-	-	-
Vote 6 - Road Transport	15 173 000	5 533 000	20 706 000	-	(1 035 300)	19 670 700	12 052 693	-	(7 618 007)	61.27	79.44	-	-	-	-
Vote 7 - Sport and Recreation	409 500	1 977 500	2 387 000	-	(119 350)	2 267 650	-	-	(2 267 650)	0.00	0.00	-	-	-	-
Vote 8 - Waste Management	1 519 500	(108 500)	1 411 000	-	(70 550)	1 340 450	-	-	(1 340 450)	0.00	0.00	-	-	-	-
Total Capital Expenditure - Single-year	19 316 000	15 325 000	34 641 000	-	(1 225 200)	33 415 800	21 139 519	-	(12 276 281)	63.26	109.44	-	-	-	-
Total Capital Expenditure - Vote	**19 316 000**	**15 325 000**	**34 641 000**	**-**	**(1 225 200)**	**33 415 800**	**21 139 519**	**-**	**(12 276 281)**	**63.26**	**109.44**	**-**	**-**	**-**	**-**
CAPITAL EXPENDITURE - STANDARD															
Governance and Administration:															
Executive and Council	48 000	25 000	73 000	-	-	73 000	45 488	-	(27 512)	62.31	94.77	-	-	-	49 459
Budget and Treasury Office	-	20 000	20 000	-	-	20 000	138 363	118 363	118 363	691.81	0.00	-	-	-	20 356
Corporate Services	101 000	(21 000)	80 000	-	-	80 000	46 446	-	(33 554)	58.06	45.99	-	-	-	-
Community and Public Safety:															
Community and Social Services	1 869 000	(1 474 000)	395 000	-	-	395 000	7 514 685	7 119 685	7 119 685	1 902.45	402.07	-	-	-	265 096
Sport and Recreation	409 500	1 977 500	2 387 000	-	(119 350)	2 267 650	-	-	(2 267 650)	0.00	0.00	-	-	-	2 113 774
Public Safety	138 000	9 358 000	9 496 000	-	-	9 496 000	-	-	(9 496 000)	0.00	0.00	-	-	-	858 375
Economic and Environmental Services:															
Planning and Develiopment	58 000	15 000	73 000	-	-	73 000	1 341 845	1 268 845	1 268 845	1 838.14	2 313.53	-	-	-	117 680
Road Transport	15 173 000	5 533 000	20 706 000	-	(1 035 300)	19 670 700	12 052 693	-	(7 618 007)	61.27	79.44	-	-	-	17 612 437
Trading Services:															
Waste Management	1 519 500	(108 500)	1 411 000	-	(70 550)	1 340 450	-	-	(1 340 450)	0.00	0.00	-	-	-	-
Total Capital Expenditure - Standard	**19 316 000**	**15 325 000**	**34 641 000**	**-**	**(1 225 200)**	**33 415 800**	**21 139 519**	**8 506 892**	**(12 276 281)**	**63.26**	**109.44**	**-**	**-**	**-**	**21 037 176**
FUNDED BY:															
National Government	15 813 000	-	15 813 000	-	-	15 813 000	15 538 636	-	(274 364)	98.26	98.26	-	-	-	8 809 001
Provincial Government	-	9 000 000	9 000 000	-	-	9 000 000	5 600 883	-	(3 399 117)	62.23	0.00	-	-	-	-
Other Transfers and Grants	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	1 470 971
Transfers Recognised - Capital	15 813 000	9 000 000	24 813 000	-	-	24 813 000	21 139 519	-	(3 673 481)	85.20	133.68	-	-	-	10 279 972
Public Contributions & Donations	-	27 500	27 500	-	500	28 000	-	-	(28 000)	0.00	0.00	-	-	-	-
Internally Generated Funds	3 503 000	6 297 500	9 800 500	-	(1 225 700)	8 574 800	-	-	(8 574 800)	0.00	0.00	-	-	-	10 927 412
Total Capital Funding	**19 316 000**	**15 325 000**	**34 641 000**	**-**	**(1 225 200)**	**33 415 800**	**21 139 519**	**-**	**(12 276 281)**	**63.26**	**109.44**	**-**	**-**	**-**	**21 207 384**

APPENDIX E(5)
RICHMOND LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14								2012/13
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	R	R	R	R	R	R	R	R	R
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and Other	9 273 000	5 291 000	14 564 000	14 564 000	13 547 228	(1 016 772)	93.02	146.09	14 107 364
Government - Operating	(180 635 151)	(182 643 574)	(363 278 725)	(363 278 725)	37 593 636				36 349 597
Government - Capital	235 495 151	196 706 574	432 201 725	432 201 725	21 778 411	(410 423 314)	5.04	9.25	19 175 075
Interest	1 700 000	58 000	1 758 000	1 758 000	2 120 545	362 545	120.62	124.74	1 518 174
Payments									
Suppliers and Employees	(50 754 000)	25 428 000	(25 326 000)	(23 960 938)	(50 452 286)	(26 491 348)	0.00	0.00	(38 670 641)
Finance Charges	76 000	4 000	80 000	80 000	(613 462)	(693 462)	0.00	0.00	(184 456)
Transfers and Grants	(725 000)	-	(725 000)	(2 090 062)	(1 987 752)	102 311	0.00	0.00	(5 186 910)
NET CASH FROM / (USED) OPERATING ACTIVITIES	14 430 000	44 844 000	59 274 000	59 274 000	21 986 321	(438 160 040)	37.09	152.37	27 108 203
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on Disposal of PPE	-	-	-	-	(363 247)	(363 247)	0.00	0.00	(102 059)
Decrease / (Increase) in Non-current Debtors	-	-	-	-	1 926 031	1 926 031	0.00	0.00	25 125
Payments									
Capital Assets	(19 315 000)	(8 710 000)	(28 025 000)	(28 025 000)	(21 139 519)	6 885 481	0.00	0.00	(21 207 384)
NET CASH FROM / (USED) INVESTING ACTIVITIES	(19 315 000)	(8 710 000)	(28 025 000)	(28 025 000)	(19 576 735)	8 448 265	0.00	0.00	(21 284 318)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
New Loans raised	-	-	-	-	-	-	0.00	0.00	214 297
Payments									
Loans repaid	-	-	-	-	(150 364)	(150 364)	0.00	0.00	(354 659)
NET CASH FROM / (USED) FINANCING ACTIVITIES	-	-	-	-	(150 364)	(150 364)	0.00	0.00	(140 362)
NET INCREASE / (DECREASE) IN CASH HELD	4 885 000	(36 134 000)	(31 249 000)	(31 249 000)	(2 259 221)	28 989 779	0.00	0.00	(5 683 523)
Cash / Cash Equivalents at the Year begin:	43 403 592	27 408	43 431 000	43 431 000	43 414 907	(16 093)	99.96	100.03	37 731 384
Cash / Cash Equivalents at the Year end:	38 518 592	36 161 408	74 680 000	74 680 000	45 674 128	(29 005 872)	61.16	118.58	43 414 907

APPENDIX F
RICHMOND LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 0F 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		Yes / No	
Equitable Share	Nat Treasury	14 117 042	11 294 000	8 470 000	0	14 117 042	11 294 000	8 470 000	0	N/A	N/A	N/A	N/A	N/A	Yes	N/A
FMG	Nat Treasury	1 650 000	0	0	0	348 873	296 649	277 928	529 759	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG Projects	MIG	4 707 000	2 292 000	9 646 000	0	3 731 208	3 865 201	1 859 214	1 863 602	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	DPLG	890 000	0	0	0	174 503	81 483	23 142	610 872	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EPWP Incentive Grant	Province	407 000	305 000	305 000	0	83 370	277 459	409 463	246 708	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		**21 771 042**	**13 891 000**	**18 421 000**	**0**	**18 454 996**	**15 814 792**	**11 039 747**	**3 250 940**	**0**	**0**	**0**	**0**			

(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?

APPENDIX G
RICHMOND LOCAL MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2014

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-exployment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Mayor												
Ragavaloo A.	-	525 428	-	70 968	72 006	-	-	-	-	-	-	668 402
Deputy Mayor												
Ngcobo P.C.	-	219 229	-	88 571	-	-	-	-	-	-	-	307 800
Speaker												
Shabalala S.T.	-	210 717	-	88 571	8 512	-	-	-	-	-	-	307 800
Executive Committee												
Kunene T.D.	-	202 908	-	84 565	2 617	-	-	-	-	-	-	290 090
Other Councillors												
Jili J.	-	132 508	-	68 175	16 965	-	-	-	-	-	-	217 648
Madonda T.C.	-	127 938	-	68 175	21 536	-	-	-	-	-	-	217 648
Magubane K.E.	-	132 508	-	68 175	16 965	-	-	-	-	-	-	217 648
Maphumulo M.	-	125 352	-	68 175	24 121	-	-	-	-	-	-	217 648
Mdlalose S.A.	-	132 754	-	68 175	16 719	-	-	-	-	-	-	217 648
Mngadi B.M.	-	145 218	-	68 175	4 256	-	-	-	-	-	-	217 648
Moonsamay P.	-	137 953	-	68 175	11 520	-	-	-	-	-	-	217 648
Ngcongo B.	-	145 218	-	68 175	4 256	-	-	-	-	-	-	217 648
Ngubo M.D.B.	-	145 218	-	68 175	4 256	-	-	-	-	-	-	217 648
Shange R.B.	-	132 508	-	68 175	16 965	-	-	-	-	-	-	217 648
Total for Councillors	-	2 515 459	-	1 014 425	220 693	-	-	-	-	-	-	3 750 576
Municipal Manager												
Sithole E.S.	-	493 792	-	405 597	31 428	-	-	-	-	-	-	930 816
Chief Financial Officer												
Hloba M.	-	461 813	-	289 702	45 736	-	-	-	-	-	-	797 250
Manager: Community Services												
Mhlongo B.M.	-	213 997	-	450 327	91 624	-	-	-	-	-	-	755 948
Manager: Corporate Services												
Mthmebu S.L.	-	208 260	-	476 727	70 960	-	-	-	-	-	-	755 948
Manager: Technical Services												
Mkhize S.D.	-	83 417	-	44 607	310	-	-	-	-	-	-	128 333
Total for Senior Managers	-	967 486	-	1 261 362	208 630	-	-	-	-	-	-	2 437 478
Total for Management	**-**	**3 482 945**	**-**	**2 275 787**	**429 322**	**-**	**-**	**-**	**-**	**-**	**-**	**6 188 055**

30 June 2013

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-exployment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Mayor												
Ragavaloo A.	-	429 203	-	147 741	59 800	-	-	-	-	-	-	636 744
Deputy Mayor												
Ngcobo P.C.	-	205 737	-	80 099	-	-	-	-	-	-	-	285 836
Speaker												
Shabalala S.T.	-	197 225	-	80 099	8 512	-	-	-	-	-	-	285 836
Executive Committee												
Kunene T.D.	-	190 260	-	76 093	2 617	-	-	-	-	-	-	268 970
Other Councillors												
Jili J.	-	123 310	-	59 703	16 965	-	-	-	-	-	-	199 978
Madonda T.C.	-	118 739	-	59 703	21 536	-	-	-	-	-	-	199 978
Magubane K.E.	-	123 310	-	59 703	16 965	-	-	-	-	-	-	199 978
Maphumulo M.	-	135 024	-	59 703	5 250	-	-	-	-	-	-	199 978
Mdlalose S.A.	-	123 556	-	59 703	16 719	-	-	-	-	-	-	199 978
Mngadi B.M.	-	136 019	-	59 703	4 256	-	-	-	-	-	-	199 978
Moonsamay P.	-	140 275	-	59 703	-	-	-	-	-	-	-	199 978
Ngcongo B.	-	136 019	-	59 703	4 256	-	-	-	-	-	-	199 978
Ngubo M.D.B.	-	138 502	-	59 703	1 773	-	-	-	-	-	-	199 978
Shange R.B.	-	123 310	-	59 703	16 965	-	-	-	-	-	-	199 978
Total for Councillors	-	2 320 488	-	981 062	175 613	-	-	-	-	-	-	3 477 163
Municipal Manager												
Sithole E.S.	-	495 217	-	351 534	28 899	-	-	-	-	-	-	875 650
Chief Financial Officer												
Hloba M.	-	337 500	-	190 702	34 298	-	-	-	-	-	-	562 500
Manager: Community Services												
Mhlongo B.M.	-	191 669	-	391 991	87 826	-	-	-	-	-	-	671 486
Manager: Corporate Services												
Mthmebu S.L.	-	202 108	-	416 153	53 227	-	-	-	-	-	-	671 487
Manager: Technical Services												
Sithole M.J. (Acting)	-	20 000	-	69 955	8 085	-	-	-	-	-	-	98 039
Total for Senior Managers	-	751 277	-	1 068 800	183 436	-	-	-	-	-	-	2 003 513
Total for Management	**-**	**3 071 765**	**-**	**2 049 862**	**359 049**	**-**	**-**	**-**	**-**	**-**	**-**	**5 480 676**

APPENDIX H

RICHMOND LOCAL MUNICIPALITY

RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2014	2013		
1.	**FINANCIAL POSITION**								
A.	**Asset Management / Utilisation**								
1.	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	10% - 20%		25.34%	27.09%	*Refer to Page 2 of MFMA Circular No 71*	
					Total Operating Expenditure	62 297 692	57 079 376		
					Taxation Expense	-	-		
					Total Capital Expenditure	21 139 519	21 207 384		
2.	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment / (Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%		0.07%	0.03%	*Refer to Page 3 of MFMA Circular No 71*	
					PPE, Investment Property & Intangible Impairment	84 000	33 427		
					PPE at Carrying Value	117 444 268	102 748 260		
					IP at Carrying Value	4 114 852	4 114 852		
					Intangible Assets at Carrying Value	11 518	14 323		
3.	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-year Reports	8%		2.13%	1.65%	*Refer to Page 4 of MFMA Circular No 71*	
					Total Repairs and Maintenance Expenditure	2 583 435	1 768 100		
					PPE at Carrying Value	117 444 268	102 748 260		
					Investment Property at Carrying Value	4 114 852	4 114 852		
B.	**Debtors Management**								
1.	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written-off) / Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	95%		84.03%	98.34%	*Refer to Page 5 of MFMA Circular No 71*	
					Gross Debtors Closing Balance	8 255 086	6 518 702		
					Gross Debtors Opening Balance	6 518 702	6 421 489		
					Bad Debts Written-off	226	65 294		
					Billed Revenue	10 874 566	9 795 205		
2.	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off / Provision for Bad Debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		0.02%	5.06%	*Refer to Page 5 of MFMA Circular No 71*	
					Consumer Debtors Bad Debts Written-off	226	65 294		
					Consumer Debtors Current Bad Debt Provision	1 078 145	1 289 226		
3.	Net Debtors Days	((Gross Debtors - Bad Debt Provision) / Actual Billed Revenue)) × 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 Days		121 Days	110 Days	*Refer to Page 6 of MFMA Circular No 71*	
					Gross Debtors	8 255 086	6 518 702		
					Bad Debts Provision	4 637 518	3 559 600		
					Billed Revenue	10 874 566	9 795 205		
C.	**Liquidity Management**								
1.	Cash / Cost Coverage Ratio (Excluding Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short-term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports and AR	1 - 3 Months		6 Months	6 Months	*Refer to Page 7 of MFMA Circular No 71*	
					Cash and Cash Equivalents	45 674 128	43 414 907		
					Unspent Conditional Grants	17 364 240	20 182 416		
					Overdraft	-	-		
					Short-term Investments	-	-		
					Total Annual Operational Expenditure	54 305 999	48 443 358		
2.	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		2.00	1.72	*Refer to Page 7 of MFMA Circular No 71*	
					Current Assets	52 395 702	49 122 802		
					Current Liabilities	26 209 887	28 545 497		

APPENDIX H

RICHMOND LOCAL MUNICIPALITY

RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2014	2013		
C.	**Liability Management**								
1.	Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-year Reports and AR	6% - 8%		-0.23%	-0.59%	*Refer to Page 8 of MFMA Circular No 71*	
					Interest Paid	6 901	18 425		
					Redemption	(150 364)	(354 659)		
					Total Operating Expenditure	62 297 692	57 079 376		
					Taxation Expense	-	-		
2.	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non-current Finance Lease Obligation + Short-term Borrowings + Long-term Borrowings) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		0.05%	0.00%	*Refer to Page 9 of MFMA Circular No 71*	
					Total Debt	20 770	-		
					Total Operating Revenue	81 829 747	-		
					Operational Conditional Grants	39 611 370	37 910 299		
C.	**Sustainability**								
1.	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank Overdraft + Short-term Investment + Long-term Investment - Unspent Grants) / (Net Assets - Accumulated Surplus - Non-controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		100.00%	100.00%	*Refer to Page 9 of MFMA Circular No 71*	
					Cash and Cash Equivalents	45 674 128	43 414 907		
					Bank Overdraft	-	-		
					Short Term Investment	-	-		
					Long Term Investment	266	266		
					Unspent Grants	17 364 240	20 182 416		
					Net Assets	137 315 616	117 783 561		
					Share Premium	-	-		
					Share Capital	-	-		
					Revaluation Reserve	-	-		
					Fair Value Adjustment Reserve	-	-		
					Accumulated Surplus	137 315 616	117 783 561		
2.	**FINANCIAL PERFORMANCE**								
A.	**Efficiency**								
1.	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure) / Total Operating Revenue	Statement of Financial Performance, Budget, In-year Reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%		24.31%	20.08%	*Refer to Page 10 of MFMA Circular No 71*	
					Total Operating Revenue	81 829 747	71 231 014		
					Depreciation - Revalued Portion	-	-		
					Total Operating Expenditure	61 934 445	56 927 780		
					Taxation Expense	-	-		
2.	Net Surplus / Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure /Total Electricity Revenue × 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	0% - 15%		0.00%	0.00%	*Refer to Page 10 of MFMA Circular No 71*	
					Total Electricity Revenue	-	-		
					Total Electricity Expenditure	-	-		
3.	Net Surplus / Deficit Water	Total Water Revenue less Total Water Expenditure/Total Water Revenue × 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%		0.00%	0.00%	*Refer to Page 11 of MFMA Circular No 71*	
					Total Water Revenue	-	-		
					Total Water Expenditure	-	-		
4.	Net Surplus / Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue × 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%		-155.81%	-494.25%	*Refer to Page 12 of MFMA Circular No 71*	
					Total Refuse Revenue	1 208 931	372 587		
					Total Refuse Expenditure	3 092 588	2 214 109		
5.	Net Surplus / Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure/Total Sanitation and Waste Water Revenue × 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%		0.00%	0.00%	*Refer to Page 12 of MFMA Circular No 71*	
					Total Sanitation and Waste Water Revenue	-	-		
					Total Sanitation and Waste Water Expenditure	-	-		

APPENDIX H

RICHMOND LOCAL MUNICIPALITY

RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results 2014	Data Inputs and Results 2013	Interpretation	Management Comments (#)
B.	**Distribution Losses**								
1.	Electricity Distribution Losses (Percentage)	((Number of Electricity Units Purchased and/or Generated - Number of Units Sold) / Number of Electricity Units Purchased and/or Generated) × 100	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%		0.00%	0.00%	*Refer to Page 13 of MFMA Circular No 71*	
					Number of Units Purchased and/or Generated	-	-		
					Number of Units Sold	-	-		
2.	Water Distribution Losses (Percentage)	((Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified) × 100	Annual Report, Audit Report and Notes to Annual Financial Statements	15% - 30%		0.00%	0.00%	*Refer to Page 13 of MFMA Circular No 71*	
					Number of Kilolitres Purchased and/or Purified	-	-		
					Number of Kilolitres Sold	-	-		
C.	**Revenue Management**								
1.	Growth in Number of Active Consumer Accounts	((Period under Review's Number of Active Debtor Accounts - Previous Period's Number of Active Debtor Accounts) / Previous Number of Active Debtor Accounts) x 100	Debtors System	None		-22.85%	6.28%	*Refer to Page 14 of MFMA Circular No 71*	
					Number of Active Debtors Accounts (Previous)	2 438	2 294		
					Number of Active Debtors Accounts (Current)	1 881	2 438		
2.	Revenue Growth (%)	((Period under Review's Total Revenue - Previous Period's Total Revenue) / Previous Period's Total Revenue) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	= CPI		14.88%	29.29%	*Refer to Page 15 of MFMA Circular No 71*	
					CPI	6.60%	5.50%		
					Total Revenue (Previous)	71 231 014	55 094 507		
					Total Revenue (Current)	81 829 747	71 231 014		
3.	Revenue Growth (%) - Excluding Capital Grants	((Period under Review's Total Revenue, excluding Capital Grants - Previous Period's Total Revenue, excluding Capital Grants) / Previous Period's Total Revenue, excluding Capital Grants) x 100	Statement of Financial Performance, Notes to AFS , Budget, IDP, In-year Reports and AR	= CPI		13.97%	19.72%	*Refer to Page 15 of MFMA Circular No 71*	
					CPI	6.60%	5.50%		
					Total Revenue, excluding Capital Grants (Previous)	51 988 855	43 426 339		
					Total Revenue, excluding Capital Grants (Current)	59 250 894	51 988 855		
D.	**Expenditure Management**								
1.	Creditors Payment Period (Trade Creditors)	(Trade Creditors Outstanding / Credit Purchases (Operating and Capital)) × 365	Statement of Financial Performance, Notes to AFS, Budget, In-year Reports and AR	30 Days		1 Days	19 Days	*Refer to Page 16 of MFMA Circular No 71*	
					Trade Creditors	119 352	1 924 899		
					Contracted Services	5 916 939	2 933 271		
					Repairs and Maintenance	2 583 435	1 768 100		
					General Expenses	14 771 118	11 032 172		
					Bulk Purchases	-	-		
					Capital Credit Purchases	21 139 519	21 207 384		
2.	Irregular, Fruitless & Wasteful and Unauthorised Expenditure / Total Operating Expenditure	((Irregular, Fruitless & Wasteful and Unauthorised Expenditure) / Total Operating Expenditure) x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		0.27%	9.85%	*Refer to Page 16 of MFMA Circular No 71*	
					Irregular, Fruitless & Wasteful and Unauthorised Expenditure	168 687	5 621 804		
					Total Operating Expenditure	62 297 692	57 079 376		
					Taxation Expense	-	-		
3.	Remuneration as % of Total Operating Expenditure	(Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	25% - 40%		45.61%	47.85%	*Refer to Page 17 of MFMA Circular No 71*	
					Employee / Personnel Related Cost	24 663 640	23 833 489		
					Councillors Remuneration	3 750 576	3 477 164		
					Total Operating Expenditure	62 297 692	57 079 376		
					Taxation Expense	-	-		
4.	Contracted Services % of Total Operating Expenditure	(Contracted Services / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	2% - 5%		9.50%	5.14%	*Refer to Page 17 of MFMA Circular No 71*	
					Contracted Services	5 916 939	2 933 271		
					Total Operating Expenditure	62 297 692	57 079 376		
					Taxation Expense	-	-		

APPENDIX H

RICHMOND LOCAL MUNICIPALITY

RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2014	2013		
E.	**Grant Dependency**								
1.	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		39.56%	51.53%	*Refer to Page 18 of MFMA Circular No 71*	
					Internally Generated Funds	8 362 212	10 927 412		
					Borrowings	-	-		
					Total Capital Expenditure	21 139 519	21 207 384		
2.	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		39.56%	51.53%	*Refer to Page 18 of MFMA Circular No 71*	
					Internally Generated Funds	8 362 212	10 927 412		
					Total Capital Expenditure	21 139 519	21 207 384		
3.	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	(Own Source Revenue (Total Revenue - Government Grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including Agency Services)) x 100	Statement Financial Performance, Budget, IDP, In-year Reports and AR	None		33.15%	27.08%	*Refer to Page 18 of MFMA Circular No 71*	
					Total Revenue	81 829 747	71 231 014		
					Government Grant and Subsidies	62 190 223	57 152 459		
					Public Contributions and Donations	-	-		
					Capital Grants	22 578 853	19 242 159		
3.	**BUDGET IMPLEMENTATION**								
A.	**Efficiency**								
1.	Capital Expenditure Budget Implementation Indicator	(Actual Capital Expenditure / Budgeted Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, In-year Reports and AR	95% - 100%		63.26%	67.90%	*Refer to Page 19 of MFMA Circular No 71*	
					Actual Capital Expenditure	21 139 519	21 207 384		
					Budgeted Capital Expenditure	33 415 800	31 231 182		
2.	Operating Expenditure Budget Implementation Indicator	(Actual Operating Expenditure / Budgeted Operating Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		90.26%	100.13%	*Refer to Page 20 of MFMA Circular No 71*	
					Actual Operating Expenditure	62 297 692	57 079 376		
					Budgeted Operating Expenditure	69 020 789	57 006 580		
3.	Operating Revenue Budget Implementation Indicator	(Actual Operating Revenue / Budgeted Operating Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		89.19%	85.94%	*Refer to Page 20 of MFMA Circular No 71*	
					Actual Operating Revenue	81 829 747	71 231 014		
					Budgeted Operating Revenue	91 750 692	82 882 516		
4.	Service Charges and Property Rates Revenue Budget Implementation Indicator	(Actual Service Charges and Property Rates Revenue / Budgeted Service Charges and Property Rates Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		103.10%	117.74%	*Refer to Page 21 of MFMA Circular No 71*	
					Actual Service Charges and Property Rates Revenue	9 917 422	8 841 909		
					Budgeted Service Charges and Property Rates Revenue	9 618 820	7 509 390		

Interpretation of Results:

	The green colour indicates that the result is within the norm and is acceptable.
	The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.
	Data should be captured in the blue coloured cell to calculate a ratio.
#	In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced.